104

[H.N.S.C. No. 104–40]

Y 4.SE 2/1 A:995-96/40

Challenges Posed by Russia to Unite...

CHALLENGES POSED BY RUSSIA TO UNITED STATES NATIONAL SECURITY INTERESTS

COMMITTEE ON NATIONAL SECURITY
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS
SECOND SESSION

HEARINGS HELD
JUNE 13, 1996

DEPOSITORY

FEB 21 1997

U.S. GOVERNMENT PRINTING OFFICE
36–259cc WASHINGTON : 1996

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-053926-9

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CONTENTS

STATEMENTS PRESENTED BY MEMBERS OF CONGRESS

Page

Dellums, Hon. Ronald V., a Representative from California, Ranking Minority Member, Committee on National Security 3
Spence, Hon. Floyd D., a Representative from South Carolina, Chairman, Committee on National Security 1

PRINCIPAL WITNESSES WHO APPEARED IN PERSON OR SUBMITTED WRITTEN STATEMENTS

Gaddy, Clifford G., The Brookings Institution and author of the forthcoming "The Price of the Past: Russia's Struggle with the Legacy of a Militarized Economy" 6
Pipes, Richard, former Assistant to President Reagan for National Security Affairs and Director of Russian Policy at the National Security Council, author of "A Concise History of the Russian Revolution," and now Baird Professor of History at Harvard University 4
Woolsey, R. James, Ambassador, former Director of Central Intelligence:
Statement 12
Prepared statement 17

CHALLENGES POSED BY RUSSIA TO UNITED STATES NATIONAL SECURITY INTERESTS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
Washington, DC, Thursday, June 13, 1996.

The committee met, pursuant to call, at 9:30 a.m., in room 2118, Rayburn House Office Building, Hon. Floyd Spence (chairman of the committee) presiding.

OPENING STATEMENT OF HON. FLOYD SPENCE, A REPRESENTATIVE FROM SOUTH CAROLINA, CHAIRMAN, COMMITTEE ON NATIONAL SECURITY

The CHAIRMAN. The meeting will please be in order.

This morning the committee continues its series of hearings on the nature of the post-cold-war world and the strategic challenges facing the United States.

Today our focus will be on Russia, "a riddle wrapped in a mystery inside an enigma," as Winston Churchill put it. Although Churchill was speaking of the Soviet Union, his words are still appropriate in describing post-Soviet Russia. On the eve of the Russian elections, we would do well to focus on the security challenges Russia will continue to pose to America—regardless of who wins this weekend.

In recent years, the United States has tried to transform Russia from a former enemy into a friend, ally, even strategic partner. We have enjoyed some modest successes, generally when mutual interests were readily served.

But lately, the prospects for partnership have dimmed. Russia is violently opposed to NATO expansion, to the point of raising the threat of renewed nuclear tensions. Boris Yeltsin has waged a bloody and bitter war in Chechnya, extending a pattern of Russian suppression, subversion, and intervention from the Caucasus through Central Asia. Russia has, since last November, been in violation of the Treaty on Conventional Forces in Europe, and is on the verge of getting relief from treaty limits to increase its military presence in those flank areas where New Independent States are seeking to chart a course independent of Moscow.

Several months ago, just days after an apparently cordial meeting with President Clinton, Mr. Yeltsin visited Beijing to announce a Russian-Chinese "strategic partnership"—a partnership which the Russian Defense Minister subsequently described as essentially anti-Western. Hard-line nationalists and unreconstructed Communists have dominated press reports about Russian politics, and one Communist—Mr. Zyuganov, may replace Yeltsin as Russia's next leader.

Which is the real Russia—a partner? An adversary? Perhaps something in between?

Is Russian political stability growing, or do we face the likelihood of future coups, increased authoritarianism, even anarchy? Do ethnic tensions and civil wars on Russia's perimeter portend future conflict and armed intervention by Moscow?

In order to prevent its own disintegration, will Russia try to reconstitute a Soviet-style empire or some other form of centralized political-military control? Whatever the answers to these questions and many others like them, it is clear that Russia's political and military status will always be a critical factor in the calculation, promotion, and protection of vital United States interests and in the formulation of United States national security policy. Unfortunately, it is not clear to me that security considerations are a preeminent factor in our Nation's current Russian policy.

And this is particularly troubling. Russia still retains and is modernizing a vast nuclear arsenal, making it still the only nation on earth that could destroy America in a matter of minutes. Indeed, given the weakness of the Russian Army, Russia's superpower ambitions rest more than ever on its nuclear capabilities.

Russia has interests in Europe, the Middle East, and Central and East Asia—regions where the United States also has vital interests. However, the Chief of the Russian General Staff said in 1992, that Russia's long-term interests are not in accord with those of the United States, NATO, or Japan.

And should we not automatically assume that Russia will pursue its interests in a benign fashion. For all the shortcomings of its conventional forces, Russia apparently remains more than willing to use this increasingly blunt tool of policy, as the conflict in Chechnya demonstrates.

Because we ignore the Russian question at our own peril, we need to better understand it. Weak or strong, united or fragmented, Russia must remain a central and unavoidable factor in assessing challenges to United States interests in key regions of the world.

Thus, today we turn to a distinguished panel of witnesses who will share their views on post-Soviet Russia and its implications for United States national security.

I want to welcome each of you this morning.

Joining us are Ambassador R. James Woolsey, former Director of Central Intelligence; Richard Pipes, former Assistant to President Reagan for National Security Affairs and Director of Russian Policy at the National Security Council, author of "A Concise History of the Russian Revolution," and now Baird Professor of History at Harvard University; and Clifford Gaddy of the Brookings Institution, and author of the forthcoming, "The Price of the Past: Russia's Struggle with the Legacy of a Militarized Economy."

Each of these gentlemen has had ample experience in observing Soviet and now Russian political, military, social and economic developments. I hope they will help us to begin to better understand how American security interests will be influenced and shaped by Russia as it evolves in the post-cold-war world, regardless of the outcome of the upcoming elections.

Before proceeding, I would like to recognize the gentleman from California, the committee's ranking Democrat, Mr. Dellums, for any comments he would like to make.

STATEMENT OF HON. RONALD V. DELLUMS, A REPRESENTATIVE FROM CALIFORNIA, RANKING MINORITY MEMBER, COMMITTEE ON NATIONAL SECURITY

Mr. DELLUMS. Let me note, as I did during last week's hearing on U.S. national security interests, that I applaud your convening hearings on the various bases of U.S. national security interests. Understanding the nature of the interests of other nations, especially nations as significant in their capacities and potential as is Russia, is vitally important to our ability to craft an appropriate national security strategy.

I welcome our witnesses today, Mr. Pipes, Mr. Woolsey, and Mr. Gaddy, and look forward to their insights into developments in Russia. I also look forward to returning to this issue once the very important Russian Presidential elections have been completed.

As last week's hearing demonstrated, U.S. national security interests are many and varied and the strategies to achieve them are to be found in the foreign policy and domestic investment legs of a comprehensive national security strategy, as well as in the military leg. Clearly the Former Soviet Union occupied our attention largely as a military problem. Notwithstanding that fact, we achieved significant diplomatic initiatives in the areas of arms control, regional security, human rights, and other issues. These victories were secured despite our perception that the Soviet Union was our implacable adversary—ideologically, militarily, and politically.

With the collapse of the Warsaw Pact alliance and the dissolution of the Soviet Union, our attention is now focused on our relationship with Russia, the principal successor to the Soviet Union. As a result, Russia maintains a significant military force, and a formidable nuclear arsenal. However, none can deny that its capacity for military undertaking is dramatically lower than that of the Former Soviet Union for numerous reasons: Portions of the Soviet military are now in the hands of other states; the collapse of the Russian economy and the fact that some military industries were in areas that are now independent nations from Russia have lowered the ability of Russia to procure new equipment; and, extraordinarily reduced appropriations and the inability to fund even those appropriations have significantly reduced overall procurement, training, and repairs, with consequent degradation of performance ability as has been evidenced in Chechnya.

I look forward to hearing from our witnesses on their perceptions of where Russia goes from here. What will be the pace, and irreversibility or not, of democratic reforms? What is the probable course of economic development, and how will the Russians seek to integrate military requirements into a more broadly civilian economic base?

What steps can the United States best take to promote stability, respect for human rights and international borders, and how do we avoid provocative actions that will prove counterproductive in the near or mid-term?

With those comments, Mr. Chairman, let me join with you again in welcoming our distinguished panel. I am certain their insights will prove helpful to the committee.

I yield back the balance of my time.

The CHAIRMAN. I thank the gentleman.

Without objection, the complete remarks of each of you will be presented for the record and you may proceed as you wish.

As I outlined earlier, we have a bill on the floor in a few minutes so we might have a lot of going and coming. If you can bear with us, we will try to get through this. We certainly appreciate all of you being here and look forward to your testimony.

Let's start with Mr. Pipes.

STATEMENT OF RICHARD PIPES, FORMER ASSISTANT TO PRESIDENT REAGAN FOR NATIONAL SECURITY AFFAIRS AND DIRECTOR OF RUSSIAN POLICY AT THE NATIONAL SECURITY COUNCIL, BAIRD PROFESSOR OF HISTORY AT HARVARD UNIVERSITY

Mr. PIPES. Thank you, Mr. Chairman, Members of the House, ladies and gentlemen.

I have been asked to give a general survey of the situation in Russia with particular emphasis on politics without going into the military aspects specifically.

Let me begin by saying something fairly obvious, that Russia is in a highly unstable political situation and is likely to remain in this situation for years to come.

Regardless of how these elections turn out, you are not going to see stability in the country, which has for the past 70 years lived under a regime that thoroughly destroyed, thoroughly uprooted such weak political institutions and practices as existed in Russia before the revolution and used democratic procedures largely as a sham to show that 99 percent of the population allegedly supports communism which bred a cynicism and indifference to politics.

Russia has no stable party system. There are really no parties. Some of the parties which are participating in the elections now are usually one-man shows. In the last parliamentary elections there was even a party of beer lovers, which indicates that this is not taken very seriously.

We will have to wait for a new generation of Russians who will take politics seriously because they will learn from experience that it makes a difference who governs, a difference to them personally. The population of Russia from the political point of view, is divided into two basic groups and they are distinguished by age and by level of education.

The older people and the less-educated ones have been very hard hit by the abolition of the social safety network which was provided by communism. It was primitive by our standards, but nevertheless provided a kind of basic survival possibility.

With the collapse of communism this has vanished and the kind of social safety network which industrial democracy has introduced over the past century is totally absent. So these people are on their own, and for the older people, for the less-educated and for the less-skilled people, it is the lowest form of survival of the fittest.

Many are not qualified to survive, so they naturally yearn for the return of communism because to them it returns to a certain amount of security. These people all feel humiliated by Russia's loss of superpower status.

Russia really never was, strictly speaking, a superpower; that is if by superpower you mean a country that had economic wherewithal and the culture and the influence which a superpower preserves. Russia's superpower status was based on one thing, the nuclear arsenal and their ability to blackmail the world into making all kinds of concessions.

Once this blackmail element ceased, Russia became reduced to a Third World power. These groups which have lost social status and that suffer because Russia has ceased to be a superpower, they have formed what is known as the Red-Brown Coalition, that is the Communists and the nationalists. They seem to have between 20 and 30 percent of the population behind them. They are very anti-Western.

I was astonished myself that a recent survey showed that 60 percent of Russians believe that the West used aid to Russia in order to weaken Russia, so deeply ingrained is this suspicion of the West.

The second group consists of younger and better educated people of the urban population. Most of the rural population belongs to the former group. They do relatively well under the new system. There is a lot of private entrepreneurship.

Today it is estimated that between two-thirds and three-quarters of the gross national product of Russia comes from the private sector and that is astonishing considering that 6 years ago 99 percent of all Russia's gross national product came from the state sector.

They are the pro-Yeltsin people, even if they are not always enchanted with what Yeltsin does. Unfortunately, even though I think they constitute the majority of the voters, they are very badly split. The Red-Brown Coalition can rally around the Communist Party which has its cells in the provinces. No other party, no reformist party has anything like it.

People like Yavlinskiy who is a popular young economist and has a following, people like Gaydar, a similar following, have not been able to get together among themselves or with Yeltsin. So the reformists are very badly split, but what they have on their side is time. I think, in time, the younger and the better educated people will be taking over Russia and replacing the old party "nomenklatura."

It must be understood in order to comprehend what goes on in Russia today, that in 1991, Russia underwent only a very partial revolution. The leading personnel of the old regime is still in place. The police apparatus, for example, although renamed, is still the same old KGB, and the armed forces in particular, are still run by the same generals.

Under the Communists regime every general officer had to be a member of the party. There has been no purge of this personnel. These people are still there. There has been no decommunization. So the military people, the people who have the armed forces are very much steeped in the old culture.

They suffer tremendously under the present regime. Their appropriations have been cut, many of there programs, hardware pro-

grams have been abandoned. The draft is very incompletely pursued. A lot of young people don't show up for the draft at all.

The prestige of the officers has sunk and they constitute a very powerful element in opposition to reform for that reason. The Russian military have a tradition of being apolitical, that is, do not involve themselves in politics the way generals do in Latin America. They do obey orders on the whole but have no plans to cease power.

But they would back the Red-Brown Coalition if it comes to power or if it raises a banner of civil war. They are to a very large extent, self-sufficient. The Russian Armed Forces under the old regime were subject not to the state but to the party. With the party losing its power, they are on their own and to a very large extent dictate their own policies.

It was astonishing that on December 31, President Yeltsin announced the cessation of hostilities in Chechnya and the hostilities continued, even at an intensified rate, which suggests they do not follow his orders. They are probably the most powerful elements striving to reconstruct the old empire. They intervene wherever they can and by stirring ethic disorders, and they have done this effectively in Georgia, they have established themselves as protectors of the integrity of the other republics.

For example, they have border guards on the border again the Republics of the Caucasus and Turkey. They interfere in Tajikistan and have made it clear that if NATO expands to Eastern Europe they are prepared to take armed action. Particularly a defense think tank officer last month announced that if NATO extends to the Baltic Republics the Russian Army will march into Estonia, Latvia, and Lithuania.

They are the ones who are pressing the Russian Government to enter into closer relations with China, in part to have a more powerful coalition against the West, in part to be able to sell weapons which is still the No. 1 export item to China and to the Third World.

They are very unhappy about army reforms. Yeltsin has announced that he proposes an All-Volunteer Army. They dislike this intensely. They will not allow this to happen if it is in their power.

In sum, we have a situation of great political instability, a very powerful group of nationalist and military people who want to become a superpower and who would like to reconstruct the empire, who would like Russia once again to be a major player in world politics, in the Far East and in the Middle East particularly.

It doesn't much matter whether the Communists or Yeltsin wins in this respect. It does matter in other respects, but not in this respect. I think you are going to see Russia as the major player and troublemaker in the world arena in the years to come.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Now, Mr. Gaddy.

STATEMENT OF CLIFFORD G. GADDY, THE BROOKINGS INSTITUTION

Mr. GADDY. Thank you, Mr. Chairman and Members of the committee. I thank you for the opportunity to appear before you.

I hope that my remarks—and let me just begin by saying that they reflect my own views and are not intended to represent the views of the Brookings Institution, but I do hope that my remarks can contribute positively to your deliberations on this important topic: Where is Russia headed, and what will be the speed and direction in which it is headed, and what will that mean for United States security interests?

I think it is extremely timely to ask this question now because I believe that Russia is entering a new phase of its post-Soviet development. This period of perhaps the next 2 to 3 years may not be as dramatic a period as what happened in 1991 to 1993, but I believe it will be at least as important. But because it is not so dramatic it may be easy to miss its significance. In fact, we may be in this period already and have already begun to miss some of its significance.

What is it that characterizes this period? I think there are two trends, two facts perhaps that characterize it more than anything else for me. The first is that the internal struggle within Russia for the future of that country is as yet unresolved. It may seem like a very unremarkable statement to make, and yet when formulated in a different way about the future of Russia, there are those who believe, I think, that Russia is lost, lost for the West, and that we need to adopt a new attitude toward the country. I will speak a little bit about that.

The second fact that I would like to bring up in characterizing the current period is that the Russian economy is growing more stable and that the power of Russia as a state is growing. Separately, I think each of these facts has major implications for the United States and U.S. security interests. But more importantly, in combination I think they complicate our policy considerably.

Let me briefly examine each of these two points: First of all, the struggle within Russia. For the past 10 years, since the accession of Gorbachev as President, as General Secretary of the Communist Party in 1985, and more intensely for the past 5 years since the first election of Boris Yeltsin, Russia has, of course, been engaged in an internal fight for a dominant ideology and direction of society.

This fight takes on many dimensions; the tendencies on the one hand, of a regulated, administered economy, a command economy, a closed society, closed both internally and also to the outside, posed against the vision of an open society internally and to the outside, democracy, individual free choice, especially in economic matters, embodied in the principles of a market economy. In short, what I think we legitimately could call the Western outlook.

For Russians themselves this is however not primarily a struggle about ideas, an abstract struggle. It is a very concrete one in the real world in which they live, and it has been characterized, and I like this characterization, as a fight between two worlds, two real worlds that happen to exist simultaneously within Russia at the same time.

This is a struggle that we as Americans, as a Nation and as individuals have demonstrably cared a lot about over the past 5 years in particular, and I think we have correctly done so.

In addition to the question of general values and the fight for the values, I think also this struggle in Russia has an immediate im-

pact on our security interests. In other words, it is something that will not only mean the possible success of a better system for Russians themselves. It will mean the success of a normal society, relatively speaking, a normal economy, one, to the extent that it does share common values with the United States and the West more generally, will make it easier for us to solve differences and therefore I think improve our security.

But this struggle and its outcome has a more direct impact on United States security interests, specifically the question of the militarization of the Soviet society, indeed the hypermilitarization of that society, a subject that I have devoted some attention to. In a study that I just completed about the legacy of militarization of the Soviet and now the Russian economy, one thing that I emphasize strongly there is that the single most important factor for the demilitarization of the Russian economy and Russian society has been free-market reforms.

The fact that this privileged sector, the defense industry of society, did not operate, operated less by any market principles than even any other part of that economy, was dramatically changed with market reforms, and the fact that prices now reflect the relative value of resources that will or will not be allocated to military spending has been crucial in forcing, if you like, Russia to demilitarize to the extent that it has, which is quite considerable.

The second point that I mentioned above about the recent trend, is the trend to a more stable Russian economy. Until now I would argue that the United States in its policy toward Russia has been mainly concerned about the possible consequences not only of the failure of economic reforms in that country but indeed the failure of the Russian economy altogether. Less attention until now has been paid to the way success, if it should come in the economic arena, will surely complicate relations between the United States and Russia politically, and especially regarding security issues. I think we have already begun to see the beginning of this and we will see more in the future.

The Russian economy has not yet succeeded, I would not say that, but it has not collapsed. Its most intense rate of decline has stopped. At best we can perhaps only speak of a noncollapsing Russian economy. In 1995, there was only a 4-percent decline in GDP but that isn't compared to previous years of declines of 15 to 20 percent. Yet this relative success has already begun to evidence itself in the behavior of the Russian state in the conduct of its foreign policy and security policy.

I would attribute many of the actions that the Chairman outlined in his introductory remarks, the negative behavior, as we perceive it, of Russia in the security and international field, to be directly attributable the relative strengthening of the Russian state as a result of the stabilization of its economy. Because from the standpoint of Western security policy, Russia's economic weakness over these past years has been an unexpected benefit. Since the demise of the Soviet Union, Russia has been relatively passive on the international scene, but as it has grown stronger, partly because of economic reform, but partly simply because the nation is recovering after a certain period of time, recovering its balance from the sudden and wrenching dislocation that followed the breakup of the So-

viet Union and the collapse of the institutions of the old economy, because of that strengthening, it will be capable of more assertive postures in many areas.

Post-Soviet Russia will, in the next few years, have many options that it has not yet had in its brief existence as a nation, options in international relations vis-a-vis the developed West, the Third World, and of course, most immediately its neighbors from the former Soviet Union. Exercising these new options will appear to be new behavior. It may also be attributed by those outside of Russia to a shift in attitude and policy away from what we believed were Russian attitudes and policies over the past 5 years.

I would caution against such a interpretation. It may be the case that Russia has shifted its policy, or it may not be the case. The fact is we don't know because before Russia was simply unable to do some of the things that we are now seeing the country do. We may have overestimated, therefore, the change in attitudes from the negative to the positive earlier, we may be overestimating the change in attitude today from the positive to the negative because we failed to recognize the importance of this change in its capabilities.

I have mentioned that each of the points, both the internal struggle about the future of Russia and the stabilization and the increased capacity of the State of Russia and how they affect us. I also said in the beginning that it is the combination and the coincidence of these two that makes things particularly complicated for us.

Let me explain this latter point. I am saying that we are now in the not unusual position, admittedly, that the pursuit of our security interests with respect to these specific areas may lead us into—may have contradictory implications, may contradict themselves and may leave us with a real dilemma in the true sense of the word. That is, to the extent on the one hand that we focus our policy on the struggle for unity and direction inside Russia, we will naturally emphasize the nonunitary nature of that society.

We will focus on the divisions inside Russia. We will orient toward Russians as people, people who have different views and interests. We will implicitly be seeing some Russians as our friends intellectually and culturally, as our allies, and others opposed to us. We will, in effect, almost assume away the existence of a Russia in the sense of a society and state and we will be focused more on the divisions.

On the other hand, to the extent that because Russia is becoming more active, more independent internationally, we will have to deal with it as a state. We will deal with it indeed to some extent almost as a monolithic entity.

That I think is the nature of security policy. It tends to automatically lump all citizens of a nation together, willingly or not. And we will ascribe to Russia a unified idea. We will be speaking of what Russia wants. We will speak even of Russia's historical impulses toward this or that.

So here is the dilemma; that at the very point when we might perhaps need most to distinguish and differentiate within Russia, we will be forced in some situations to treat all Russians the same,

treat it as a unitary entity, and, in fact, in so doing may force more nationalism and nationalist sentiments upon the Russians.

How do we resolve this dilemma? There is one obvious way but one I would advise against. That solution to the dilemma is to cease to try and reconcile the two contradictory approaches, we will simply choose one or the other. We will focus on the internal struggle or we will focus on Russia as a unitary state, a single actor.

Today in practice, however, I think this means only one thing. It means giving up on the internal struggle because I think events will not allow us to ignore Russia as a state. Until new it has been the other way around. We focused, I think, almost exclusively on the internal struggle. We thought, again maybe not explicitly but implicitly, a lot of us thought maybe that Russia was ours to lose. We did think little of Russia as a state, especially as an independent actor. Now we are shifting in the other direction and giving up on this internal fight, saying, in effect, that maybe Russia is lost. Some, of course, would say it was never ours to lose, but other variants of this; that we don't have the means nor the methods to intervene in Russia's internal affairs. Let's just let events proceed as they may and we will deal with Russia as a nation.

I would, however, like to stress that the struggle within Russia continues. It is very much undecided. It is, however, less dramatic now than it was before. The dynamic of that struggle has changed, at least, compared to what we thought we perceived that struggle to be earlier; because I think right now it has become clear that there will be no quick and easy victory of this so-called Western idea inside Russia.

As much as we may like to think that is what was actually happening in 1991 and 1992 as, for instance, in 1991 when Yeltsin faced down the Old Guard and the old establishment, then in 1992 as his economic leader Gaydar and his government shaped economic policy along the lines of market reform in a radical way that had not been done before, it may not ever have been as dramatic a struggle for and against the Western idea as we think.

In any event, I don't think that that is the struggle now, but I do think it would be a mistake to give up on it. We have a chance to influence it. It will be a difficult and frustrating process but I think our judgments can have effect if they are based on more realism.

Let me say just a few words on the implications of the current election and its outcome for these two processes I am identifying that will characterize the next period. I couldn't agree more with Professor Pipes in his conclusion that whatever the outcome of the election, we will see many if not most of the same processes continuing that we have seen until now. I think that this is particularly true in the internal struggle.

The current Russian election—Presidential election campaign is, however, not a choice between these two worlds, between the Western idea, if you like, and the old Communist idea or the Soviet idea. And I don't think this is always correctly perceived. I think that rather what is at stake in this election is the question of the nature of the relationship between the two worlds, the old world of Communists past, the new world of a market economy and democracy.

The question is whether Russian society will be polarized between these two worlds. Will the two worlds be sealed off from each other, even hostile to one another even to the point of civil war, or can these two worlds continue to coexist relatively peacefully with individuals and households actually moving between them and bridging them, if you like?

There was an initial period when these two worlds faced off, I think, to some extent. There were perhaps what could be described as extremists on both sides. That is one way to characterize the doctrinaire marketeers of the early Gaydar months in 1992, a group that said that only the new world would be valid and the old world had to be destroyed and be removed as quickly as possible. There is hardly anybody left from that group in power.

The other group was the one that said that the old world had to be restored. That group has numerous representatives in positions of growing influence led by the Communists. But both shared the idea that the worlds were in conflict, and irreconcilable conflict, rapid conflict, polarization was the result. Because on the other hand, the other alternative to this view of the relationships between the two worlds and the two ideas is a more moderate one; that the worlds can and should coexist and should be bridged.

I think President Yeltsin has epitomized that approach. I think this is what Yeltsin represents, the moderate gradualist coexistence of the two ideas. And for Yeltsin personally, I tend to believe he is almost an agnostic on the question of which will prevail and in precisely what form. It is what contributes, I think, to the description of Yeltsin and his policy as muddling through.

Yeltsin's victory, and I think, by the way, that is almost a foregone conclusion, will ensure that the two worlds continue to coexist, and most likely will continue to coexist, though not necessarily, but most likely coexist peacefully. But this means that a Yeltsin victory does not mean the end of the threat of a communism revival or a return to the old world. On the contrary; it practically guarantees that the struggle between these worlds will continue, but I think it will be a latent, mainly peaceful struggle. Domestically that is good, but for policy that affects the West more directly, including security policy, it does raise some issues. To repeat, then, a Yeltsin victory does not mean victory for the Western idea. All it means is that the West has not lost, not yet.

A Yeltsin victory means that the struggle continues. Therefore, we still have a chance to influence the future course of Russia, but the balance between forces in Russia is more delicate. There is less room for us to make blunders in our policy. Fortunately, I think we have learned some things about what does and doesn't work in our policy toward Russia with respect to this internal struggle over the past 5 years, so I think we are not in bad shape if we commit ourselves to continue to be involved and engaged.

Second, how about the prospects for the economy? I think a Yeltsin victory will also represent a stronger Russia, not because Yeltsin—I expect Yeltsin to adopt an aggressive pro-reform policy returning to the types of policies of early 1992. I am tempted to say on the contrary that is what Yeltsin is very unlikely to do, but because of this the continuation of the Yeltsin regime represents stability and it represents therefore a stronger state. And Yeltsin has

shown that he is committed to using a stronger Russian state to create a stronger and more independent Russian foreign policy.

The Chairman mentioned the meeting between China and Russia. I think this is an example of exactly what we can expect of Russia in the future.

Another example again relates to the area that I have done research on, the defense industry in Russia. In the beginning of May, President Yeltsin announced that what had formerly been the State Committee for Defense Sectors of Industry had been upgraded to become a ministry, I think a fairly significant move, symbolic and real.

He has also allocated more money to defense spending and defense procurement. He is concentrating on, within the limits available, to enhancing the power of Russia, the Russian state and its defense industry.

I think under Yeltsin and the continuation, the United States will be less important, or the opinion and the views and the reaction of the United States will be less important in determining Russian policy.

So in sum, on both points that I think will feature highly in the coming period, the likely outcome of the election, that is a Yeltsin victory, means more of the same. But I hasten to add, the same trends will not necessarily in the future lead to the same results as we have seen over the past months and past couple of years, because the process has been heading for an exacerbated state of affairs. There is more of a dilemma, a sharper dilemma between what is happening internally in Russia, the fragmented, the divisive nature of the society on the one hand, and Russia acting as a state, and it will exacerbate the dilemma for the United States. Our big problem will be to reconcile our commitment to protecting United States security interests with respect to both of these processes, and doing so, in both the short- and long-term vis-a-vis Russia.

Thank you very much.

The CHAIRMAN. Thank you very much.

Mr. Dellums and I are going to have to leave and go to the floor, but I will turn over the chair to our resident expert on Russia who has been there a number of times, speaks the language, Mr. Curt Weldon.

Mr. Woolsey, I am sorry I will miss your remarks, but I have them written down here. I will study it.

Mr. WELDON [presiding]. We look forward to your return, Mr. Chairman.

Mr. Woolsey, we will recognize you for what comments you would like to make.

STATEMENT OF R. JAMES WOOLSEY, AMBASSADOR, FORMER DIRECTOR OF CENTRAL INTELLIGENCE

Mr. WOOLSEY. Thank you, Congressman Weldon.

I want to explicitly talk for a few minutes about Russia, but I am implicitly suggesting some things to this committee more about the United States and its historical role in circumstances such as those in which we find ourselves.

I want to particularly call your attention to the situation that existed nearly 70 years ago just after our First World War victory. We have really won three world wars in this century, two hot and one cold, an extraordinary performance for a country.

In the mid-to-late 1920's, we were in a situation a few years after having defeated Imperial Germany, but we had not been able to occupy and restructure its government and economy, and society the way we were later able to do so successfully with Germany and Japan after World War II. Many of Imperial Germany's institutions in the late 1920's, for example, the military and the the armaments industry, had survived into the Weimar Republic, but they had survived in a shrunken, twisted, and bitter form. The victorious Allies led by us, had stripped Germany, I think appropriately, of most of its empire, but many Germans in the 1920's angrily resented, which they considered to be an affront to their security needs and to their national pride.

Even before the Depression began in 1929, a ruinous inflation had destroyed the lives of most of the elderly and indeed many others in German society who could not make quick money either through crime or retail sales or otherwise.

All of this had led to a widespread anger against the West, above all against Jews, who many Germans blamed for what they called the Dolchstoss, the alleged betrayal of the German nation by a stab in the back. Now, we are used to looking back on Weimar Germany with the benefit of hindsight, and so we often forget that in the late 1920's, the shape of things to come there was clear to virtually no one. Germany's great intrawar statesman, Gustav Stresemann, was still alive. He dominated the political scene until his death in 1929.

Until the Depression began, Hitler, to most people, was a crazy painter who had led a comic-opera attempted putsch in Munich in 1923. Although Winston Churchill was far more prescient than almost anyone else in seeing what was coming on the continent, even he didn't perceive accurately what was happening in Germany at this time, the mid-to-late 1920's.

I go into this, Mr. Chairman, because today's Russia has too many resonances with the late 1920's Germany for us to ignore. Today Russia has a lost empire. It has a shrunken and bitter military and security set of institutions, it has inflation-wracked elderly citizens, it has deep resentment over a supposed Western stab in the back, it has virulent anti-Semitism, and it has shaky democratic institutions. There is even a dominating political figure. President Yeltsin is less of a democrat, in my judgment, certainly than was Chancellor Stresemann.

President Yeltsin has some important strengths. His determination and resilience are legendary. Even recently his ability to dance at rock concerts has been advertised. But increasingly recently he has turned to advisers, Mr. Korzhakov, probably the second most powerful man in Russia, Mr. Barsukov, the head of the domestic Russian intelligence services, Mr. Primakov, the new Foreign Minister, all of whom, shall we say, to be very mild about it, have not demonstrated their commitment to democracy and reform and who indeed have very close ties in different ways to the most unreconstructed parts of Russia's military and security establish-

ments, and in Mr. Primakov's case particularly, to the rogue states of the Near East.

For all President Yeltsin's flaws, including particularly the horrible military attacks in Chechnya, most of Russia's embryonic democratic institutions will quite possibly stand, however unsteadily, or fall with him. With him Russia has some chance, although I believe it is a decreasing one, to navigate a path toward long-term political and economic freedom. A Communist victory in the coming election would, I fear, be Russia's last free election for a long, long time.

And as Mr. Gaddy implied and I will state more explicitly, I believe that whether Mr. Yeltsin wins the popular vote or even loses the popular vote with, in reality within fairly wide margins, the chances that the Russian institutions that report to the Kremlin, particularly the Committee for the National Elections, and FAPSE, the organization that controls all of the electronic transmissions in the country, all of which report through Mr. Korzhakov to President Yeltsin, those institutions will ensure that the votes in one way or another are counted in such a way as to see a Yeltsin victory.

In the unlikely event of a massive victory by someone else, presumably Zyuganov, either in the first round of elections or in the runoff some type of civil strife in which the election results were not accepted could well be the case. But the headlines which one will be likely to see after the first round elections this weekend, or perhaps after a runoff early in July, that Yeltsin has won and democracy therefore in Russia is preserved, I believe I would take with a rather generous dash of salt.

Why do I say that even if President Yeltsin wins the coming election Russia's chances for long-term political and economic freedom are waning? There are several reasons.

Here I would like to call the committee's attention to a recent piece by David Satter, Senior Fellow of the Jamestown Foundation, with whom I and former Secretary of State Haig and former Defense Secretary Rumsfelt and others are leaving this afternoon with the Jamestown Foundation to Moscow for the elections.

Mr. Satter and I both would probably put at the top of a list of what one might call Weimar Russia's most dangerous failures, its inability to stop the growth of organized crime.

In the West, we are used to regarding organized crime as a serious matter, somewhat like a debilitating parasite on society. The problem though in Russia today is that organized crime is well on the way to being a major, and perhaps even in time, a dominating factor in Russian policy. An example in the world of biology may help make the point. In the early stages of its growth on a host tree in the rain forest, the strangler fig looks like many other parasitical vines. But the strangler fig's tendrils work their way down the tree and reach the ground and become roots; they grow stronger and slowly more and more vines work their way down the tree, they join one another, they then become a circular shell, effectively an outer trunk, that completely surrounds the tree. The host tree inside begins to die, and in the final stages what was once a healthy host tree with a few vines on it becomes nothing but the

rotten core of a new strangler fig tree. The parasite replaces the host.

Russia not yet of course in the final stages of strangulation by organized crime, but I believe its condition is rather further along than much public commentary suggests. There are definitely more than just a few organized crime tendrils on the Russian tree. Banking, the extractive industries exporting oil and gas, timber and other natural resources, many manufacturing enterprises, are thoroughly penetrated by organized crime organizations. Even more troubling, so are important parts of the security services, the military and other parts of government.

We are not chiefly dealing with a law enforcement problem here. In Italy, for example, which has a serious organized crime problem, of course, there are honest institutions and magistrates with whom American law enforcement can cooperate in jointly bringing Italian and American criminals to justice. In Russia, honest and effective institutions, free of organized crime influence, are increasingly rare. One cannot successfully persuade one strangler fig vine to prosecute another.

This level of corruption substantially affects our ability to work with the Russian Government on a whole range of issues and the ability of Western businessmen to do business with, much less invest in Russia. And such investment is the only clear way that modernization and prosperity can come to the Russian economy, a necessary condition I think over the long run of Russia's evolution toward political freedom.

If I could be somewhat personal in terms of an illustration, if an American businessman meets with a nattily dressed and articulate Russian, say, at some nice hotel lakeside in Geneva, for a business discussion, and the Russian claims that he is with an international trading and banking firm in Moscow and he would very much like to discuss a joint venture that, say, covers the export of Russian oil, such an individual may be what he says he is, or he may be a Russian intelligence officer operating under commercial cover, or he may be an important member of a Russian organized crime group. The really interesting point is that there is a reasonable chance that he is all three and that none of those three institutions sees any problem at all with such an arrangement.

The unfairness of the process of privatization in Russia which has led to most ownerships being concentrated in the hands of former factory managers and nomenklatura, and increasingly also in the hands of organized crime figures, adds substantially to the average Russian's dissatisfaction with the current political and economic system.

I have discussed these matters, Mr. Chairman, because I believe they are closely related to the possibility that we will have serious foreign policy and strategic concerns about Russia. Even in the best case, the continued existence and the slow and sporadic growth of Russian political and economic institutions committed to freedom and democracy, we will likely have serious problems with Russia in the security dimension for many years.

Among these will be Russian ties with the rogue states of the Mideast and exports, both overt and covert, of sensitive military capabilities to such rogue states and to China. Aggressiveness

against what Russians call the near abroad, including espousal of the cause of Russian minorities in neighboring states will be common. Russia's conventional military is weak today but its nuclear weapons still exist. Its modernization of its nuclear systems proceeeds apace. Its new military doctrine relies strongly on nuclear weapons, including the first use of nuclear weapons. Its instrumentalities of control, to some extent, of nuclear weapons are weaker than they were. And its instrumentalities of control of fissionable materials from power plants and research reactors are quite poor. Its instrumentalities of control of biological and chemical weapons are of a character such that major portions of the Russian Government and groups see value and virtue in the export and sharing of those systems.

I believe that also many Russian managers of the military-industrial complex, an extremely important part of the Russian economy and society, long desperately to get back into production and sale in a large way, particularly export production and sale.

The instabilities that are now endemic in Russian society, in my judgment, are at least as bad as those that existed in Germany in the 1920's. In one major area, the prominence of organized crime, they are much worse. Also the support for nationalism in the Red-Black Coalition essentially is much stronger in the countryside in Russia today than it probably was in Germany in 1920's.

And I would not presume to predict even the outcome of this weekend's election, much less a future for Russia that parallels Germany's in the 1930's.

This business of protecting American national security, this committee's mission, in this business it is important to deal in trends, in probabilities, in hedges. I would suggest again, coming back to the United States, that the key thing is that this is not a time for us to make the mistakes with our military and our intelligence establishments that we made in the 1920's when we relied on the Kellogg-Briand Pact to outlaw war, when we sent our Army off to drill with wooden rifles, and when we closed down the State Department's code-breaking room by Secretary of State Stimson saying, gentlemen do not read one another's mail.

If one wants a model for appropriate American behavior in a time such as this, one need look no further, Mr. Chairman, than the portrait immediately over your right shoulder of the Chairman of this committee in the 1930's who had so much impact on our positive ability to stay militarily ready. We need to be friendly and businesslike, whoever wins the Russian election, but we should also spend what is needed to modernize those parts of the Government, the military, the intelligence establishment and, I believe, our diplomatic corps to protect our national security, and particularly we should get ready for some major disagreements with Russia.

Frankly, I see some storms coming.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Woolsey follows:]

TESTIMONY OF R. JAMES WOOLSEY, U.S. HOUSE OF REPRESENTATIVES, NATIONAL SECURITY COMMITTEE, JUNE 13, 1996

Mr. Chairman. Members of the Committee, it is an honor to be asked to testify before you about the situation in Russia and the potential problems, even threats, that it may pose to us in the future.

Let me begin by saying that I have great admiration, respect, and even affection for the Russian people. I admire greatly Russian culture—especially Russian music and literature. There are many examples of Russian heroism in history that have contributed heavily to the preservation of European Civilization and its legacy to us of political and economic freedom: for example, Russia's struggles over the centuries against the Mongols and other invaders from the East, and the victories over both Napoleon and Hitler. The Russian people's sacrifices have been staggering by the standards of any other nation—for example, more Russians died in World War II in the siege of Leningrad alone than all allied armies lost in all theaters in the War. The Russian dissidents and reformers—Solzhenitsyn, Sakharov, Bukovsky, Sharansky, and many many others—were crucial, perhaps decisive, in ending the Cold War. Young Russians are a delight to talk with these days—many of them give every impression of being committed to a future of freedom. Finally, I confess to a habit of evaluating both individuals and groups by their senses of humor, and I have always found Russian humor to be delightful. It is wry, ironic, often self-deprecating—the humor of those who have been heavily buffeted by history and can still laugh about it.

I mention all this, Mr. Chairman, because I want to stress that I have no enthusiasm for a return to a new cold war with the current Russian Federation, much less with a new Russian Empire. My hopes point entirely in the opposite direction—toward friendly cooperation with a Russia that is becoming, increasingly free, both politically and economically, and that has no fundamental strategic interests at odds with those of the United States. But you have asked me for analysis and judgment, not for expressions of affection and hope. And I am afraid that the former point me in a very different direction than the latter.

The United States has now led alliances that have emerged victorious from three world wars in this century—two hot, one cold. I want to call your attention for a moment to the situation that existed nearly seventy years ago, a few years after our first such victory—in the late 1920's just before the beginning of the great depression. We and our allies had defeated Imperial Germany, but we had not been able to occupy and restructure its government, economy, and society as we were later able to do so successfully with Germany and Japan after World War II. Thus after World War I many of Imperial Germany's institutions—for example the military and the armaments industries—survived into the Weimar Republic, but they survived in a shrunken, twisted, and bitter form. We had stripped Germany of most of its empire, and many Germans in the 1920's angrily resented what they considered to be this affront to their security needs and their national pride.

Even before the depression began, a ruinous inflation had destroyed the lives of most of the elderly and indeed many others who could not make quick money through crime or otherwise. All of this led to a widespread anger against the West and above all against Jews, whom many Germans blamed for what they called the "Dolchstoss"—the alleged betrayal of the German nation by a stab in the back. We are so used to looking back on Weimar Germany with the benefit of hindsight that we often forget that in the late 1920's the shape of things to come there was clear to virtually no one. Germany's great intra-war statesman, Gustav Stresemann, was still alive and he dominated the political scene until his death in 1929; until the depression began, Hitler was, to most people, a crazy painter who had led a comic-opera attempted putsch in Munich in 1923. Although, he was more president than almost anyone else, even so shrewd an observer as Winston Churchill did not accurately see what was coming in Germany until a bit later.

I go into this, Mr. Chairman, because today's Russia has too many resonances with the Germany of the late 1920's for us to ignore. A lost empire, shrunken and bitter military and security institutions, inflation-wracked elderly citizens, deep resentment over a supposed Western stab in the back, virulent anti-semitism, shaky democratic institutions—they are all there. There is even a dominating political figure. President Yeltsin is less of a democrat, in my judgment, than was Chancellor Stresemann. And although his resilience and determination are legendary, he has also shown himself for long stretches of time to be the captive of his advisers. Recently he has turned increasingly to advisers—Korzhakov, Barsukov, Primakov—who, shall we say, have not demonstrated their commitment to democracy and reform and who indeed have close ties to the most unreconstructed parts of Russia's

military and security establishments and ties to the rulers of the rogue states of the Near East.

But for all his flaws. including particularly the horrible military attacks in Chechnya, most of Russia's embryonic democratic institutions will quite possibly stand—however unsteadily—or fall with President Yeltsin. With him, Russia has some chance, although I believe it is a decreasing one, to navigate a path toward long-term political and economic freedom. A communist victory in the coming Russian election would, I fear, be Russia's last free election for a very long time.

Why do I say that even if President Yeltsin wins the coming election Russia's chances for long-term political and economic freedom are waning? There are several reasons, and here I would call the Committee's attention particularly to a recent piece by David Satter, senior fellow at the Jamestown Foundation, in the Wall Street Journal. Mr. Satter and I both would put at the top of the list of what one might call "Weimar Russia's" most dangerous failures the inability of the Russian government to stop the growth of organized crime.

In the West, we are used to regarding organized crime as a serious matter, somewhat like a debilitating parasite on society. But the problem in Russia today is that organized crime is well on the way to beccming a major, perhaps in time a dominating, factor in the Russian polity. An example from the world of biology may help make the point. In the early stages of its growth on a host tree in the rain forest, the strangler fig looks like many other parasitical vines. But the strangler fig's tendrils that work their way down the tree reach the ground and become roots, they grow stronger and slowly more and more vines work their way down the tree, join one another, and become a circular shell, an outer trunk that completely surrounds the tree. The tree inside begins to die, and in the final stages what was once a healthy host tree with a few vines on it becomes nothing but the rotten core of a new strangler fig tree. The parasite replaces its host.

Russia is not yet in the final stages of strangulation by organized crime, but I believe its condition is much further along than most public commentary suggests. There are definitely more than just a few of organized crime tendrils on the Russian tree. Banking, the extractive industries exporting oil, gas, timber, and other natural resources, and many manufacturing enterprises are thoroughly penetrated by organized crime. Even more troubling, so are important parts of the security services, the military, and other parts of the government. We are not chiefly dealing with a law enforcement matter here. In Italy there are honest institutions and magistrates with whom American law enforcement can cooperate in jointly bringing Italian and American criminals to justice. In Russia, honest and effective institutions, free of the organized crime influence, are increasingly rare. One cannot successfully persuade one strangler fig vine to prosecute another.

This level of corruption substantially affects our ability to work with the Russian government on a whole range of issues and the ability of Western businessmen to do business with, much less invest in, Russia. And such investment is the only way that modernization and prosperity can come to the Russian economy—the necessary condition of Russia's evolution toward political freedom. If an American businessman meets with a nattily dressed and articulate Russian, who claims that he is with an international trading and banking firm in Moscow and he would like to discuss a joint venture covering, say, the export of Russian oil, such an individual may be what he says he is. Or he may be a Russian intelligence officer operating under commercial cover. Or he may be an important member of a Russian organized crime group. But the really interesting point is that there is a reasonable chance that he is all three—and that none of those three institutions sees any problem with such an arrangement.

The unfairness of the process of privatisation in Russia, which has led to most ownership's being concentrated in the hands of the former factory managers and nomenklatura, and increasingly also in the hands of organized crime figures, adds substantially to the average Russian's dissatisfaction with the current political and economic system.

I have discussed these matters, Mr. Chairman, because I believe they are closely related to the possibility that we will have serious foreign policy and strategic concerns about Russia. Even in the best case—the continued existence, and the slow and sporadic growth, of Russian political and economic institutions committed to freedom and democracy—we will be likely to have serious problems with Russia for many years that will affect our security. Among these will be Russian ties with the rogue states of the Mid-East and exports, both overt and covert, of sensitive military capabilities to such states and to China. Aggressiveness against what Russians call the "near abroad", including the espousal of the cause of Russian minorities in neighboring states, will be common I fear. Russia's military is weak today, but its

nuclear weapons still exist and many managers in the Russian military-industrial complex long to get back into production.

But the instabilities that are now endemic in Russian society are at least as bad as those in Germany in the late 1920's. In one major area, the prominence of organized crime, they are much worse. Russia will develop her own path, and I would not presume to predict even the outcome of this weekend's election, much less a future for Russia that parallels Germany's in the 1930's. But in this business of protecting American national security, this Committee's mission, we must deal in trends, in probabilities, in hedges. I would suggest that this is not a time for us to make the mistakes with our military and intelligence establishments that we made in the 1920's—when we relied on the Kellogg-Briand Pact to outlaw war, sent our army off to drill with wooden rifles, and closed down the State Department's code-breaking effort saying "gentlemen do not read one another's mail."

We should be friendly and businesslike, whoever wins the Russian election. But we should also spend what is needed to modernize those parts of the government that protect our national security and we should get ready for some major disagreements with Russia. I see some storms coming.

Mr. WELDON. Thank you, Mr. Woolsey. I thank all three of you for your outstanding testimony. You provide valuable insights for this committee.

As we deal with our role in our relationship with Russia through the rest of this session into the next session and future sessions of the Congress, irregardless of what happens in the elections, part of my personal concern in terms of our relations with Russia has been that we have, in my opinion, relied too heavily just on the Chief of State from each country in terms of key policy contacts and interactions, and while it is obviously vital that President Yeltsin succeed and, if that occurs, that President Clinton maintain very close working relationships with him, if we are going to deal with the long-term problems of economic and foreign democratization and dealing with the more difficult issues of arms control, any treaty, expansion issues, NATO expansion and conventional and strategic arms control issues, we have got to develop relationships with the legislative bodies.

To that end we have taken great strides over the past 5 years to accomplish those initiatives. In fact, 5 years ago a bipartisan group of the Congress started an energy caucus which helped in the Sakhalin I and Sakhalin II, the single biggest economic investment in Western dollars in Russia's history, currently $15 billion in the energy companies, and they expect it to go to as much as $60 billion.

Sam Nunn says that is the quickest way to get hard currency in Russia. There are some in Russia that see that as a chance for the United States to exploit their natural resources, and that is a dilemma.

The second major issue is to form a coalition dealing with environmental missions, and I have a joint bipartisan group of Nikolai Vorontsov and Alexei Yablokov working on joint environmental initiatives and activities ranging from securing the safety and environmental stability of the Arctic Ocean, the Sea of Japan, to dealing with the problems of nuclear waste and contamination.

We are about to embark on a new initiative this summer which has been empowered by our Speaker Newt Gingrich with the cooperation of Speaker Seleznez from the Russian Duma, and that is to have a joint Russian Duma ongoing with the Bundestag that will allow members to come together and focus on specific issue areas.

Initially when Mr. Lukin comes over next month, he will chair the Russian effort, we will focus on energy; the environment; human issues; social service issues; banking, commerce and budget issues; and defense and foreign policy issues. But the opportunity extends far beyond that to bring members of both Parliaments together. That is an exciting opportunity. I am looking forward to playing a lead role in that effort in behalf of Speaker Gingrich.

The bottom line for long-term stability is we can't look to this election alone and who wins, and the best forecasts are that Yeltsin will probably win, although who knows what is going to happen. We have to form perhaps not coalitions, but certainly levels of understanding with the political factions in Russia.

There are many who say don't talk to Zhirinovsky, he is a crazy man. But he represents at least 12 percent of the electorate. We have to at least have a dialog with him as we have to with Yavlinskiy, as we have to with all the various factions in Russia from the LDP, to the Communists, to Yeltsin's own party.

I think in that context, once we have established those relations and understanding, we can best approach the more difficult issues relating to arms control and national security issues which are the thrust of this committee.

That brings me around to my question and my perception.

I want the same objectives that Strobe Talbott wants and Bill Clinton wants in perhaps Yeltsin succeeding, democratization succeeding, free-market economy succeeding. I am not blaming any one person or administration, but I think sometimes in our rush to see that happen, we don't want to take the necessary tough steps to look at what could occur and perhaps some of the negative things that are still occurring inside of Russia that we need to closely examine.

We are putting all our eggs in the basket of arms control, and when we have a violation of the MTCR, as we did on the accelerometers and gyroscopes being sold to Iraq, we felt that the response would require economic sanctions that perhaps would hurt Boris Yeltsin's candidacy in this election.

But what good is an MTCR if we are not going to, in fact, enforce it? We have to look at incidents like the Surikov document, which all of you have seen, released last November by Anton Surikov as an internal memorandum to Pavel Grachev and Chief of Staff Kolesnikov, which outlined very scary scenarios which point to the case that America is a long-term enemy of Russia, and the fact that Baltic States are Mafia-controlled, that gives Russia the right to go in and do anything in support of those States. If Russia gets backed into a corner, the Surikov document says, it would be in Russia's interest to transfer both technology and nuclear arms to Islamic countries, and they are specifically named in that document.

I kind of go along with the thinking of one of your colleagues, Mr. Gaddy, at Brookings, Bruce Blair, who wrote a book last year where he made the case that Russia is perhaps more destabilized in terms of strategic offensive weapons than at any point in recent history.

One example was in January 1995, when the Norwegian rocket launch occurred, the Russians had forewarning and went to full

alert up to the level of the attache case carried by Boris Yeltsin. That could have caused for the first time the first nuclear confrontation between our country and Russia.

My point is we must analyze where we are. Are we placing too much reliance on arms control agreements alone? Or perhaps do we have to be, as perhaps you have suggested, Mr. Woolsey, more realistic in understanding that while certainly we applaud the reforms in Russia, and certainly we acknowledge the conventional downsizing in Russia, that Russia is at least as questionable today as it has ever been in terms of its military capability? Last year they acknowledged economically, Mr. Shushkevich said they actually exported $3 billion in arms, an 80-percent increase over the previous year.

Rosvoororizhenie is selling everything they can in Russia in terms of military equipment and hardware. Perhaps we have to understand that in dealing with Russia, we have to be prepared militarily.

That really is the focus of this committee. That is actually the focus of amendments that will be on the floor today as we debate the defense appropriations bill.

It will get to the heart of the key disagreement between this Congress in a bipartisan way and the administration over whether and how fast we should deploy missile capabilities for this country.

In my opinion, with the ABM Treaty, although some would like to abrogate the treaty immediately, I think we should take a slower approach to the committee, not because the importance of the treaty per se and our relationship, but rather because of political implications that abrogating the treaty would have in terms of internal politics inside Russia.

With those thoughts in mind, I would like to ask you about the thrust that you think we should be taking in terms of our military posture to Russia, and the reliance on arms control agreements alone, and what steps you think this Congress should be taking specifically in terms of this committee, in terms of better preparing for eventualities that could occur irregardless of who is elected President.

I will let any of you respond to that who would like.

Mr. Woolsey.

Mr. WOOLSEY. I will start, Mr. Chairman.

I particularly agree with your words at the beginning of your remarks here about sometimes relying too much on relationships between national leaders.

If communications and transportation technology in the 1920's had made possible a close and friendly relationship between Chancellor Stresemann and President Coolidge, that would have been interesting and probably would have gotten a great deal of press, but the importance of those handshakes and those events would probably—and even such major Nobel-Prize-winning events as the signing of the Kellogg-Briand Pact to outlaw war—would have been wiped out by the Depression and the rise of Nazism and a whole range of other rather more real developments.

I think with respect to reliance on arms control treaties, I would endorse what you said about a slow and careful approach with respect to the ABM Treaty. The CFE Treaty, the Conventional Forces

in Europe Treaty, is one the Russian military especially has had severe disagreements with the flank limitations, which don't affect overall levels under the treaty, but affect where the forces could be stationed.

The Russian military tried to torpedo the treaty in its initial data exchange, and in the Bush administration we spent 6 months in major arguments with them, including substantial correspondence between President Bush and President Gorbachev to resolve their effort to get out from under the treaty flank limitations by the curious device of labeling several divisions "naval divisions" and saying that, therefore, since naval forces were not limited under the treaty, they didn't count.

They have persisted in their opposition in recent years with somewhat greater cause because, of course, the boundaries of the Soviet Union are no more, Russia is now a separate country, and the nature of the flank limitations was, I think, up for some revisions. The Russians had pursued those revisions diligently, to put it mildly, and recently all 30 nations that were meeting in Vienna on CFE agreed to some changes in the flank limitations. To my mind the key thing there is that the United States persisted and worked closely with Turkey and Norway because those two allies are the key to the flank limitations, and from my point of view, if Turkey and Norway agree this redisposition of forces is agreeable, there is a strong argument for the United States going along.

The key point I want to make is the Russians persisted in getting a change, not a change in the wording of the treaty, but a change in an associated map which has the same effect, and that change was something that they felt was important to their national interests in the new environment that existed after the breakup of the Soviet Union. I am not opposed to those changes. I believe the United States has handled itself well on that issue.

The point on the ABM Treaty is that we should have no hesitancy in doing the same thing. The world is a very different place than it was in 1972. The potential growth of rogue States; the potential rogue States' capability to have intermediate-range nuclear weapons at least in the short run, threatening our alliances, our overseas bases; the possibility of failure of command and control in Russia through domestic disorganization there, through accidental or unauthorized launch of nuclear weapons, there are a number of reasons why revisions and modifications and interpretations of the ABM Treaty ought to be on the table, and they ought to be ones we have no hesitancy at all in proposing.

Before this committee a few months ago, I suggested a modification of the ABM Treaty moving toward two sites rather than one—which is essentially the original form of the treaty with a change in location of the two sites—might be the sort of thing we should propose to permit a more effective thin national defense, but still within the framework of the essence of the original treaty. I understand Senator Nunn made a speech the other day in the Senate which began to explore that type of an idea.

I think those are some of the ways in which we can take the initiative in proposing to change and modify, but still work within some of these arms control agreements in a way that doesn't shatter our relationship with Russia, but still accommodates a changed

circumstance. So I very much agree with the thrust of your remarks, Mr. Chairman.

Mr. WELDON. Anyone else?

Mr. PIPES. Well, let me address myself to the basic question, Mr. Chairman, which you have posed. To begin with, I am in favor of the present administration's policy of identifying itself with Yeltsin and supporting him publicly. I don't see there is an alternative but to do that.

At the same time I agree with your doubts about the wisdom of being so committed to the support of Yeltsin that one ignores violations of agreements. For example, if I understand correctly, the flank agreement is being violated right now. That includes the southern flank, more than they were entitled to.

Mr. WOOLSEY. They were in violation for some months. I believe the agreement of 30 nations a week or so ago in Vienna puts things on a diplomatically more proper keel, but I think it is fair to say for some months, yes, the Russians have been in violation of the southern flank.

Mr. PIPES. And I don't think it makes sense to ignore these things. The military, to a very large extent today, is sacred in the State. They do what they think they ought to do. They consider themselves just as the German Army did in the 1920's, that they are the essence of the State and the soul of Russia.

One needs to talk to these generals to really get an idea of how much of an army they are. They are really old-line Communist nationalists. Nothing has changed for them. They hate the West, they have contempt for the West, and they interpret any concessions made to them when they make these violations as a sign of weakness. They should, therefore, not be allowed to get away with that.

Mr. WELDON. Yes.

Mr. GADDY. I think it is also important to state my support for Yeltsin and for the fact that the United States should—has no other choice, as Professor Pipes says, than to support Yeltsin.

I think the example you mentioned, Mr. Weldon, about the Surikov document should point this up and point up our real dilemma I was trying to identify in my introductory remarks.

Anton Surikov is exactly one of these unreconstructed Communists. He is an adviser to the now-Chairman of the Duma Economic Affairs Committee Maslyukov, not only the head of the Gosplan, but the VPK, the military/industrial commission in charge of all Soviet defense industry, and Surikov embodies exactly what Professor Pipes was expressing with regard to these military people, a very bitter individual, not just reading his document, but meeting him. He is a person who is looking for revenge, and I think he is looking for revenge on one hand against certain people, individuals inside Russia, and also against the West and against the United States.

So the dilemma is, whatever you think may be happening under the Yeltsin administration in terms of violations of this or that treaty or agreement, what would happen if Zyuganov were in power? Maslyukov would not be a Parliamentarian, he would probably be a Minister again. Surikov might be a person of power, but there are a lot of others like that hanging around the Communist Party.

Wouldn't it be, therefore, wise to try to figure a way not to rock the boat and make sure that the Communists don't get into power? So that aspect I argue is the rationale, and it is hard for me to see how you can avoid that sort of thing.

At the same time I couldn't agree more with the importance of working with many different forces inside Russia starting with the legislature. I can't think of a more important institution other than perhaps the military itself, which we do have an extensive program of exchanges at different levels, which I think is important, and all these things down into society, the grassroots exchanges and programs to bring Russians of different—at different levels with different views and different outlooks into contact with Americans, with American society, in many cases bringing them to this country. Part of this country's mission is to civilize some of them, to let them see we are not monsters; and in other cases it is to really reinforce and empower certain people inside that society that will, in the long run, be extremely important to the younger generation, and important for the future of the country. I can't think of any more cost-effective way of engaging ourselves in Russia than continuing these sorts of exchanges as you were mentioning.

Mr. WELDON. Thank you.

I have a number of other questions, but I will move on to allow members the opportunity. As a followup, though, my point is not we should not want to see Yeltsin succeed, obviously everyone in this room wants to see Yeltsin succeed; the question is we have agreements on both sides. Do we deliberately not acknowledge violation of them because in the end result it would embarrass that person? That is the key, and if that is the case, you will do anything to keep someone in power, what is the sense of having agreements in the first place?

I now yield to my friend Mr. Skelton.

Mr. SKELTON. Thank you, Mr. Chairman.

I thank each of you for being with us today and for your testimony on historically a very important subject. Each of you in your own way has attempted to take the clouds out of the crystal ball, and I know, at best, that is difficult to do.

Mr. Woolsey, I am intrigued with your comments about likening the Soviet Union—excuse me, the Russian situation with the Weimar Republic situation in the 1920's, and the more I think about it, the more you might well be correct.

You also use as a centerpiece of a possible Damocles sword over their future the corruption that seems to be strangling all avenues of progress in Russia. So let me ask you this question, Mr. Woolsey, and if the other gentlemen would like to join in, I would appreciate them doing so.

What can and what should the United States do to help suppress the strangling figures in Russia to encourage a result like that of post-World War II rather than post-World War I? Where do we go from here, Mr. Woolsey?

Mr. WOOLSEY. Well, we have very few levers, Congressman Skelton, with which we can heavily influence the internal debate, and particularly such internal dynamics such as the growth of organized crime in Russia.

I think it is important for us to call the Russian Government to account when something happens, such as the export of the gyroscopes to Iraq. I am no longer in the government. I don't know whether that was a senior-level decision in the Russian Government or some part of the Russian military/industrial complex off on a self-aggrandizing, perhaps criminal, enterprise of their own. Perhaps the intelligence community could report to you on that.

But I think we are going to see things like that more and more, and we should certainly not give the Russian Government the idea that we tolerate it. There should be some at least criticism and, where appropriate, some penalty to be paid. Although I said this is not principally a law enforcement matter, there still are some parts of the Russian Government with which one can work on these organized crime issues, and I think some of the cooperative law enforcement measures, although they tend to go after lower-level, smaller fry than the big players, are worth maintaining and building on, and I think law enforcement cooperation is a good thing just as long as we don't at this point think it is the principal answer.

I think American business and Western business in general need to understand very clearly such things as when they use a Russian bank, the funds' flows are probably seen and understood by a lot more people than would be the case when they are dealing with a Swiss bank or American bank, and that may subject them to shakedowns and extortion and the rest, and so if they invest in Russia, particularly in ways in which they make themselves vulnerable, they do it only with open eyes, and it may be the case that after some period of time, their caution will have some impact on Russia's willingness at the top levels to begin to enforce some of their criminal laws, indeed pass some criminal laws. The problem is there are some things that are really not clearly criminal in Russia yet under various statutes that certainly ought to be.

But our impact is likely to be somewhat on the edges of this. The most important thing is to do no harm, like the Hippocratic oath; to give no contrary signals that this is all all right with us; and most importantly, I think, from this committee's point of view, to ensure that we have adequate—and the Congress' point of view as a whole—to be sure we have adequate military and intelligence and diplomatic resources to contain Russia if either through disorganization, through increased influence of particularly hostile groups on Russian Government policies, our relations with them worsen.

Mr. SKELTON. I find it rather intriguing, Mr. Woolsey, that on the one hand you seem to be very fond of the Russian people. Your prepared statement goes into that rather at length. And on the other hand I see a great deal of cautionary language coming from you on dealing with those in power.

Let me ask one other question. We have, as you know, NATO, which seems to be evolving and hopefully will continue to be the strong center of military effectiveness in Europe. And we have in addition thereto—and I have come to change my mind in favor of this thing we call Partnership for Peace, I initially had some serious doubts about it—but how should NATO expand, if it should? What effect—not just the Partnership for Peace, but the future of

NATO as you see it, what effect will that have on Russia and in Russia?

Mr. WOOLSEY. Me?

Mr. SKELTON. Yes. And I will ask the other two gentlemen to answer both of my questions after you finish this.

Mr. WOOLSEY. I think that the Russian military is—particularly its most unreconstructed elements—is especially hostile to the notion of NATO expansion because they see this as an enhancement of the United States strategic position in the world, and they see their interests at odds with those of the United States.

There are two ways in which I think NATO expansion could have been done better, but what—the point I come down to is that it should still be done now, even though there were some better alternatives. Best of all I think would have been to have moved, particularly with respect to Poland, Hungary, and the Czech Republic, during the days all three were, for all practical purposes, governed by reformers. That is only true now really in the Czech Republic. Both Poland and Hungary have returned to post-Communists Communists in important positions and sometimes controlling positions, and that creates difficulties.

For example, I think the role of the Russian intelligence services in Poland these days is quite extensive with respect to the new government. That creates complications and difficulties that we might have been able to have forestalled if we had moved relatively quickly.

It also would have been better if the European Union had been able to expand to the East quickly, but the common agricultural policy of the European Union has, for all practical purposes, made it impossible for them to expand eastward. Indeed it is doing more harm than good with respect to the agricultural economies of the East European countries, and it would have been a natural thing for the European Union to expand, Europe's political institutions to expand, and moved on that. But we didn't move quickly, and the European Union will move, if ever, sometime well into the 21st century.

So I think under the circumstances today, the best thing would be to move with respect to the Czech Republic, and I suppose also with Poland and Hungary, to do it in as calm and businesslike way as one can while assuring the Russian Government that we intended no harm, no aggressive posture, but to listen to the complaints of Mr. Surikov and others, including Mr. Primakov and probably President Yeltsin, with a friendly smile on our face and proceed nonetheless.

Mr. SKELTON. Mr. Pipes.

Mr. PIPES. I will address myself to a couple of questions which you have raised.

As far as our influence on internal Russian affairs is concerned, I agree, Mr. Woolsey, it is extremely limited. The New York Times last week had an article on Strobe Talbott and our policy toward Russia and spoke about the Clinton administration resigning itself to managing Russia.

I almost wrote a letter.

How can you dream of managing Russia? We can't manage Haiti, for example. A country of 150 million people, 13 time zones. No, sir, you can't manage it.

We have some leverage. We can encourage them, we can meddle inside, and the more we do, the more counterproductive it becomes.

On NATO expansion I am very much opposed to it. I have spent nearly my entire life studying Russia, and I think I have acquired as a result an ability to see things from within the country. I understand their hostility to it, and I can add that not only the generals, but every Russian I know is opposed to it. They regard it as a slap in the face. The argument runs that we have democracy, we have introduced free markets, and what are you doing? You are treating us as outsiders. We still don't belong. So we want to join NATO. But why do you extend NATO to areas of Eastern Europe which we do not menace and which indeed we had liberated from the Nazis?

I think expansion of NATO would be a self-fulfilling prophecy in that it would play directly into the hands of the nationalists. They will say, you see, we are alone. We are isolated. The West doesn't want us. China is a self-contained continent, and what we have to do is therefore reconstruct the old empire so we once again are a world power, otherwise we will be doomed.

That would be a very bad mistake to do. I know the Poles particularly, but so do some Hungarians and Czechs, want it, and I understand the reason also why they want it. I understand the Polish anxiety. I am Polish-born, and I know that our country has—my native country was four times partitioned by Russia. But this is not a threat today at all. The threat will increase if Poland comes under NATO reins.

Mr. SKELTON. Mr. Gaddy.

Mr. GADDY. On the issue of NATO expansion, I don't think I can add much to what Professor Pipes said. I feel very humble in following him on that. I could just add I agree that the, quote, "good Russians"—and I am going back to my characterization to the extent that we care about the internal struggle within Russia, various tendencies are for us to see good Russians and bad Russians. There are some who share our values and some who are very fundamentally opposed to them, and those who do share our values will be insulted by the discussion of expanding NATO.

But the military—I find it difficult to figure why the military, and especially the military/industrial complex, should be concerned about a NATO expansion. I think they would love it. If it justifies spending more money on the military, fine.

The Russian military production, actual physical output, in 1995 was about 11 percent of what it was in 1990. I have spent 3 or 4 years going into these defense plants, and I know that is probably fairly close to reality in terms of their actual output. They have now enjoyed some increased output because of exports, but they are still looking for major increases in domestic procurement. It would be wonderful for them, and I think probably for those looking in their self-interests would be in favor of it.

On the issue of crime and corruption, first of all, this is also an area that I have done some writing on and studying on, and I am not—I don't think I am as pessimistic as Mr. Woolsey about the

issue of organized crime in the Soviet Union. Maybe it is because I am an economist. By training we always have to see the costs and benefits of everything, so you look for the net effect.

It has clearly got many, many negative sides, particularly in Russia it has negative sides, but I am not as pessimistic. I am particularly—I have not had the experience in talking with many American businessmen that this is the major obstacle to United States—a major, even a major, not the major, obstacle to United States business involvement in Russia. For some it is. They have had some bad experiences with crime. But most of them will tell you, I think, that United States and foreign businesses are very much off limits to organized crime in Russia. An interesting phenomenon.

To me it does suggest that the—that there is a perception that Western businessmen, U.S. businessmen, have principles that they are not going to abandon and to that extent are, quote, "respected." Where the effect is most negative is in Russia itself on potential Russian businessmen, entrepreneurs, who simply refrain from getting involved in what might be potentially very lucrative and very beneficial economic activity because they do not want to have to deal with the mob, with the rackets. Others do it, and they pay off the racketeers, pay for protection, and they live with it, and they will describe how formalized it has become. If a new mobster comes to them and says, we want a payoff, you say, excuse me, I have protection, here is his business card, you go talk to him.

Both Russian small businessmen and American or Western small businessmen are very severely affected by it, and they simply don't get involved. That is a big loss and should not be accepted. But to me it suggests maybe the main thing we can do is through our continued business involvement with Russia, through the presence of Western businessmen following Western business practices.

It is not the panacea, it is not the solution, but it is something positive at least.

Mr. WELDON. Thank you, Mr. Skelton.

Mrs. Fowler.

Mrs. FOWLER. Thank you, Mr. Chairman.

Mr. Woolsey, I want to go back to what you sort of touched on earlier about the ABM Treaty and get to this debate we have had in the Congress on the National Ballistic Missile Defense System. Is it your perception the Russian political and military leaders are persuaded that the system we passed in the House now, hung up in the Senate, but we have been trying to promote, is it their perception it is a limited system that would not overstep the overall balance of nuclear power; do they think it is a major threat to their remaining nuclear trump card; and if that is so, then is there something that either this administration or this Congress should be doing to more effectively emphasize the limited nature of the system that we have been discussing; and what do you think their response would most likely be if we did deploy such a system?

Mr. WOOLSEY. Russians, and in particular the Russian military, I think, are not quite rational on the subject of American technology. They saw themselves in the early 1960's ahead in the space race. They saw President Kennedy say we will be on the moon in 10 years. We were there in less than 9. We did it on live television.

I was in Vienna as an arms control negotiator and talked with a lot of Russian military on their delegation just before the gulf war in 1991, and the general view was very much, you Americans are about to get handed your hats, your overcoats at least. These Iraqis can live on very light rations. You are there in their part of the world. You don't know what is coming to you.

When the air war destroyed the Iraqi military, and armored units were at the Euphrates in 3 days, I have never seen such stunned faces. They believe, I think, most Russian military officers that I have talked with over the years, that once this country decides to do something technologically, it can almost do whatever it wants.

I think that accounts for their great fear and concern about Strategic Defense Initiative. I think they believed in March 1983 that President Reagan was unveiling something that was just about ready to be deployed, and we would do it as quickly and as effectively as we went to the moon.

So I think their problem is one of a sense of inferiority, and to some extent justifiably, about their own technology and deep concern about what this country can do once it gets going in an area like this. They also—because exactly of what Professor Pipes has said, the unreconstructed nature of most of the Russian military leaders in their nationalism and their being children in the sense of the Old Regime.

They see a sense of hostility toward the West and toward the United States in particular is essentially their bread and butter. Surikov, I am afraid, is not all that much of an exception. He is just more bitter and more angry and more articulate than a lot of Russian military officers.

They have been through a great deal themselves personally in the last few years with loss of status, some of them with no place to live, in a few cases even hunger in some military units.

So they see essentially whatever—a lot of them, not all—but a very substantial number of senior Russian military see that whatever is good for the United States must be bad for them. It is almost sort of a dog-in-the-manger kind of attitude.

Now, I think it is still useful for us as a nation to present a rational case, a case that will appeal to the relatively few moderates—and there are a few in the Russian military—that will appeal to people in the foreign ministry, to President Yeltsin when he focuses on it, that we are not trying to completely undercut their nuclear deterrent and so forth. It is still important from the point of view of our own people and our allies and some in Russia that we take that approach.

But as for a large number of senior Russian military officers, I think whatever we do in this arena is going to provoke a very negative response.

Mrs. FOWLER. Do either one of you want to comment?

Mr. PIPES. No, I agree 100 percent with what Mr. Woolsey said.

Mrs. FOWLER. Thank you.

Thank you, Mr. Chairman.

Mr. WELDON. Thank you, Mrs. Fowler.

Mr. Geren from Texas.

Mr. GEREN of Texas. Thank you, Mr. Chairman.

I just want to add my expressions of appreciation to those made by members of the committee to the panel. It has been a fascinating morning. I appreciate it very much.

A couple of issues I would like you to comment further on. One, I guess I should have known this, but it was news to me when Mr. Pipes talked about the army didn't work for the State, it works for the Party.

Could you elaborate on that to some extent and consider the role of the Party in the post-Soviet Union; what does that mean when you say it doesn't work for the State? How do they pay their bills; to whom do they answer? And coming from our tradition of civilian control in the military, what are the post-Soviet Union implications of an army that answers to the Party rather than the State, and what has taken the place of the leadership role when the State and Party were one and the same now that they are not?

I will just lay out my three questions and let each of you respond, or ask each of you to respond to them.

In regard to the Nunn-Lugar initiative that we are trying to cooperate with the—and fund, the military's destruction of some of their offensive weapons, when you have a military that is led by people that are of the mindset that I guess the whole group agrees on the description, what type of—how would you assess the success of the Nunn-Lugar efforts? Are we getting the cooperation from the military leaders that would be necessary for that to actually achieve the results we would like?

And then the third point is the issue that Mr. Woolsey brought up about the extent of the threat of organized crime. We read about that, and any article written about Russia always mentions organized crime, and I am always just—I have never paid that much attention to that aspect of it, never considered it that significant, and probably saw it in terms of the role that organized crime has played in the United States over the years.

What is organized crime in Russia? In Texas organized crime used to run the numbers racket. Now the State runs the numbers racket. Is it prostitution, gambling; is it drugs? Give us a feel for it, how pervasive it is, what are the criminal enterprises?

And you said, Mr. Woolsey, something interesting. You said they have a lot of things that are not against the law that should be against the law. That is a certainly very subjective observation not unlike the idea that numbers rackets used to be against the law in Texas and are not anymore. In fact, we make $1 billion a year out of it.

If you could help us, Mr. Gaddy, you said you studied the organized crime issue a lot. If you could help us understand it, whether it represents the threat Mr. Woolsey thinks it does or, as you assess it, Mr. Gaddy, not much of a threat. But those of us who have seen organized crime, it is something around the periphery of our society and for the most part dealing in the illegal vices. Does it seem to be—we wouldn't just assume it is the kind of threat that apparently it is in the Soviet—in Russia.

So if you could talk about what is an army that works for the Party? What are the implications for Nunn-Lugar? And what is this organized—where does the criminal enterprise that underpins organized crime in the former Soviet Union?

Mr. PIPES. Well, when the Communist State came into being, they were very loathe to build an army because they knew the recent history very well, and they knew beginning with Napoleon it was always the army that represented the force and stifled the revolution. That was true in France in 1848, it was true in 1971 and so on. But they were involved in a civil war, and they decided to build it up, but from the very beginning the army was penetrated by Party officials as commissars, and the generals had to belong to the Party in response to Party discipline, and throughout existence of the Soviet Union, the army was really a handmaiden of the Party.

Now, when the Party lost its power in Russia—it happened before the dissolution, actually, of the Soviet Union with elimination of article VI of the Constitution—suddenly the army found itself without a leader, and now, even though the Communist Party exists as a private party, it is a non-State Party.

The armed forces are collaborating with the Communists and nationalists, but they really have no leadership. Therefore they become almost like a State within a State looking for leadership, supporting those leaders whom they like, but essentially they are almost like a State within a State, which makes them, I think, very dangerous.

Mr. GEREN of Texas. Don't they have to respond to whomever pays their bills?

Mr. PIPES. Well, they don't. I just pointed out examples. In Yeltsin's speech of March 30, he ordered them to cease operations, and they did not cease operations. They feel they are indispensable to the State, and therefore they can do pretty much what they want.

Now, if I can answer briefly on the crime issue, crime is not a danger to us in a sense, but it is a danger to civilization in Russia. Crime is an extortion racket basically. Crime used to be a monopoly of the State under the old system. It is now privatized. They are just not accustomed to it, and they are disturbed. But the more successful the businesses are, the more successful the crime is. Essentially because a lot of Russian businesses don't pay taxes, the extortion money they pay is a form of taxes, and they pay them readily, and they are protected. I think as long as this exists, Russia will be destabilized, but it is too pervasive, but it's not really a problem that involves us from the national security standpoint.

Mr. WOOLSEY. I completely agree with what Professor Pipes said about the Party and the State.

On Nunn-Lugar, I believe that there were some rocky initial disturbances and difficulties in getting Nunn-Lugar implemented, but my impression over the last year or two is it has come to be a relatively smoothly functioning operation, and that most of what goes on under that rubric is something that is very much in our interests, almost whoever or whatever is controlling the Russian military.

The organized crime point, I agree with Professor Pipes about the wonderful notion that crime was privatized in the sense in which I believe—the two senses in which I believe it is of deep concern to us is, one, that I think it undermines heavily the development of political and economic freedom, in the sense that we think

of it here, in Russia because it heavily undermines people's confidence in the fairness and stability of the State.

It is also a major reason why so much of Russia's resources have ended up in Swiss banks and villas in France and Latin America and the rest rather than being put back into investment inside Russia.

Arnaud de Borchegrave states that one day last summer one Russian bought six different villas in France near Geneva. I was in Geneva last summer at one of the wealthy hotels having a cup of coffee only on the right bank. I felt very out of place because I was not wearing a black leather jacket and was not speaking Russian.

There is a lot of resources that flee Russia because of organized crime. It is, I think, heavily extortion, but much of the extortion is very brutal extortion. It is extortion often by assassination. A good deal of the competition between Russian firms is not at the sort of consumer or shop level, but where important institutions are struggling with one another for major shares of the economy, is competition sort of like the competition for the bootleg liquor market in Chicago in the 1920's. It is competition by assassination, not by price and quality.

So although there is not a great deal we can do about it, and except for the smuggling of materials outside Russia, there is not a great deal that is directly of effect to the United States. I think there is a great deal that indirectly affects the likelihood that we will be able to see a stable and economically viable and politically viable Russia over the near future.

What I meant by saying that there were things that weren't illegal but should be, not things like numbers rackets, but Russia has had a very difficult time getting its civil and criminal codes approved in part because of the disagreements between President Yeltsin and the Duma. There was some recent possible development in one part of the code that was recently passed, but there are just a number of things that in the area of bribery and corruption and the like that would be illegal here or in Western Europe and so forth that are still pretty fuzzy in the Russian criminal code.

Mr. GEREN of Texas. So they are not heavily involved in prostitution, drugs——

Mr. WOOLSEY. All of the above, yes. All of the above. Pretty much everything you know about organized crime being involved in any country they are involved in there, and they are also involved in blackmail and extortion and murder for hire and the like.

Mr. GEREN of Texas. Mr. Gaddy.

Mr. GADDY. Clearly this issue of crime is an interesting one, and it is an important one. Several times in articles I have written about organized crime and talks I have made, I tried to point out the irony that we indeed even talk about the prevalence of organized crime in modern day Russia.

The old Soviet Union, the Communist Party of the old Soviet Union, is, I think, the message Professor Pipes was making, bore all the characteristics, classic characteristics, of a Mafia, but it was an extremely well-organized Mafia. So organized crime is what existed in the Soviet Union. What we are seeing today is highly dis-

organized crime, and that is precisely why I think we are seeing so many of the characteristics that we associate with it, the brutality, the murders.

Think about it. If you have a city or country that is ruled by an all-powerful Mafia, there is little violence because people are not stupid enough to challenge the authority of that Mafia. It is when the old Mafia boss dies or for some other reason there is a fight for power that you see a great deal of violence. That is what characterizes Russia today.

Now, the question really then is, Is this a transitional phenomenon engendered by the breakup of the old controlling Mafia and redistribution of property under—into the hands of others? If so, maybe once this property becomes reappropriated and settled, the level of violence at least will diminish, and there may be a tendency for these Mafia bosses, so-called, to legalize themselves. Once I have control over property that I have tried to gain illegally, the last thing I am interested in is the legal rights, legal property rights. I don't want them to be enforced because I don't have the legal property rights. I am trying to illegally take it. Once I have it in my possession and have the deed to it, the title to it, I am very interested in legal property rights. I want everybody, including the State, to help me protect my rights.

One of the things you notice about all these unsavory-looking Russians with the black leather jackets and so forth is the extent to which they are trying to civilize themselves and cultivate and send their kids to private schools abroad, and their wives are learning how to dress and walk and so forth. There is a lot of Russian wealth outside of Russia. The reason it is there is not because of crime inside the Russia. The reason it is there is because legal and illegal Russian businessmen are all businessmen, and it is not wise to invest in a country with so many problems politically and economically as Russia has.

If indeed the Russian organized crime was as powerful as it is being made out to be, they would have no hesitation about putting that money back in Russia. It is precisely because their wealth is not entirely safe, so they don't move it back there.

So there is an inconsistency there, and I think the capital flight is not connected primarily with the issue of crime. It is certainly not an indicator of the level of organized crime.

Mr. GEREN of Texas. Thank you.

Thank you, Mr. Chairman.

Mr. WELDON. Thank you, Mr. Geren.

Mr. Cunningham is recognized for 5 minutes.

Mr. CUNNINGHAM. Thank you, Mr. Chairman. Let me go, if I may, in just a little bit different direction from what we have been looking at.

I have felt for a long time—with a military background myself, working on the Sixth and Seventh Fleet staff on the invasion of different countries and how to get in and out, I have felt for a long time that if the economic conditions in the former Soviet Union were different, then we wouldn't be as close to them as we are now; and that on one side economics, which I agree with some of the treaties that you are saying are important, that we need to conduct business, but I think the direction that we go, to just give them

money, go to too many things that are used against us, used for wars against the Muslims.

I look at the SU–27 on the aviation side, the AA–10, plus the three Typhoon subs that they built. While the lights are out in most of Russia, you look at St. Peters, they are still dropping Typhoon subs. The three deep submersible subs that go down to the bottom of the ocean use welded and molded titanium that we don't know how to do to get that deep.

So overall, the technology that they are still producing to keep jobs going, which I think we are also paying for, too—some of it going to organized crime, U.S. money—and my concern is that I think the President's position supporting Yeltsin and yours is correct, because I think it is very dangerous if Yeltsin doesn't win this election.

But my concern is in a little different area. Even looking at what they are doing with their R&D, and without getting classified, under the Ural Mountains and their sites for nuclear strikes, when we turn to a little different area, we look at currently even Bosnia and the relationship between the Greeks and the Russians, but yet Germany's expansionism to the West is where they see their economics—that is where I think economics can play a positive role for us with Yeltsin. Because all those nations understand stability with Russia helps them.

I look at the problems between the Greeks and Turks and Cyprus, and the Mujahadin are still in Bosnia, and we are on very thin ice in that part of the world, especially when the snow melts. But do you feel that we still have a threat—the liberals will tell you the cold war is over, we don't need defense in this country, at least not the level of national security that I feel that we do, at least the Bottom-Up Review.

I look at the continued R&D and I look at the continued expansionism from Iran and, to me, besides cutting defense you will see that the liberals will also try and cut our intelligence, which I think there is more of a need for now that we have divided countries.

Another aspect I would ask you, and I don't know who to ask it to. I know there are only two nations that we get titanium from, Ukraine and South Africa. Although South Africa, we still can get it from, I don't know if we are still able to procure from other nations. Instead of giving Russia and the satellite countries money, I would rather trade them for precious metals and the things we need; and I think that is the way to keep them economically viable.

My first question is, are we adequately prepared for the future, looking at the research and development measures that the former Soviet Union is going through now; and second, the relationship, if Yeltsin wins, to Bosnia and the potential problems.

Mr. WOOLSEY. I will take the military issue first, Congressman Cunningham.

I think that you are absolutely correct that even in the midst of this famine of spending on production of conventional military hardware, and in some cases real famine for Russian troops, there has been at least a moderate feast with respect to some important aspects of R&D and some strategic spending. The Russians are not building as many submarines or as many new classes of ICBM's as

they were during the height of the cold war, but they are still very much in production and their nuclear forces are getting attention, particularly the new version of the SS–25 and a new SLBM, in the midst of this substantial cutback in production by the military industrial complex. So it is unfair and inaccurate, I believe, for people to say that the military cutback has been something that makes the Russian military of no concern to the United States.

There are certainly no longer 25 divisions poised within 100 kilometers of Frankfurt and, God willing, there won't be Russian divisions there for a long, long time. And they have shown themselves to be conventionally not only cruel, but inept in Chechnya.

So in one sense there has been a substantial military cutback and deterioration, but I believe that their new doctrine that relies very heavily on nuclear forces and their spending on some of these high-technology strategic and naval and military programs is important. It is something that we need to watch. It is something that can affect our own R&D and strategic forces, and I think that with respect to such matters as buying what we need from them, rather than providing funds gratis—there is a good deal to that; that was part of the rationale, as I understand it, for the purchases of enriched uranium—that we can use this material, whether they dilute it from highly enriched, or whether we do, it can be used for power plant fuel in the West.

So there are at least some elements of purchases rather than grants involved in some of these programs. I will see if maybe either of the other panelists wanted to talk about Bosnia or on this issue.

Mr. PIPES. I can only give my impressions of this particular issue and am not privy to any special information. But it seems to me that they must have decided that the future of warfare lies in high-technology, and since resources are very limited, that they would starve the army and put it all into high-technology in order to be ready when the time comes when they can once again pour into the military to be ready. But that is just an impression.

I will not talk about Bosnia because I am not privy to information about that.

Mr. GADDY. Let me say something on the military side. I can't comment on Bosnia either.

I am not sure that I see—perhaps like Professor Pipes, I don't really see a paradox or a difficulty in understanding what the Russians are doing with regard to their military spending. Surely we don't expect them, no matter who is starving in the country, to cease all military spending any more than we could argue that as long as there is anybody starving in the United States that we should take it out of our military budget.

If they are going to spend less, they presumably would look for high-technology ways to do it. You don't close down your high-technology industry and keep outmoded low-technology stuff. It doesn't seem to be that much of a problem for me to understand.

R&D spending is also funding people; it is keeping people from starving, and that has been the main argument for putting money in both the defense industry and R&D over the past few years, to keep these valuable people from leaving that sector altogether or, even worse, from not having food.

As far as materials is concerned, Russian titanium is available on the world market. That might be threatened, the ability to buy it on the world market, if, in fact, some of the recent signs of a reestablishment of controls within Russia over the economy to the benefit of the defense industry—the sort of thing that existed in the past where resources were all located to the defense industry no matter who had the money to buy it otherwise—that would present a different picture. That would, to me, be more disturbing as a sign of the reestablishment of the old militarization of the economy than anything having to do with our ability to buy titanium from them.

Mr. CUNNINGHAM. I think you will find that it is not difficult for most members on this committee to understand, but outside this committee we have a very difficult time. Thank you.

Mr. WELDON. Mr. McHale.

Mr. MCHALE. Thank you, Mr. Chairman.

Mr. Chairman, I have just received your note indicating that I am now the senior Democrat present on the committee. I felt pretty good about that until I noted that I am the only Democrat present on the committee. I will try not to allow that awesome power to go to my head.

I would like to return to the issue of NATO expansion. There will be four elements and I will ask each panelist to respond.

In the print material, there is an initial statement and my first question is, do you agree with it, that reads as follows: NATO expansion is adamantly opposed across the entire Russian political spectrum, based on the universal assumption that a NATO presence near Russia's borders would imperil Russia's national security.

Do you agree with that assessment?

Second, in looking at the potential options available to the Russians, should there be an expansion of NATO? One course of action might be an effort to neutralize that expansion by Russia's own insistence or request upon entering into NATO. So my second question is, how do you feel toward the possibility of Russian entry into NATO?

The third element has to do with another course of action that might be available to the Russians in the event of a NATO expansion, and that would be the impetus or the incentive to establish closer ties with China, Iran, Iraq and other nations potentially destabilizing in order to counterbalance the expanding geography, if not the expanding strength of a NATO alliance.

And last, question No. 4, should we in our own analytical process draw a distinction between Russian political and military sensitivity with regard to an expansion of NATO encompassing Poland, Hungary, and the Czech Republic versus a possible expansion of NATO that would encompass the Baltic States.

Batter up?

Mr. WOOLSEY. I will have a go.

I think the staff question and Professor Pipes' early answer accurately characterized the broad range of Russian disagreement, and I say with some trepidation, in view of Professor Pipes' views, which I regard very highly across the board, that nonetheless, in my judgment, things have come to the point with respect to the as-

pirations and hopes of the people of the Czech Republic, Poland, and Hungary that although there would have been better ways to do it, as I said, I still believe we should go forward.

There may well be some types of arrangements which will undercut some of the Russians' worst concerns about not stationing nuclear weapons in these countries and the like, that we could work out, but I do believe that if those three countries desire to become part of NATO, that clearly the Czech Republic's democratic and free enterprise structures, and I hope Poland's and Hungary's, will continue to be ones that will evolve in a direction such that it would be possible for us to agree to expansion to those three.

I see no reasonable prospect that Russia would become a member of NATO, although I think there is a great deal that we can and should do to—for joint exercises and Partnership for Peace and joint planning. Russia, and I am sorry to say also the United States, have headed away from what I thought was a promising development in early 1992 when President Yeltsin suggested cooperation on ballistic missile defense. The Bush administration, I think, was doing a good job of trying to make that work, and both because President Yeltsin came to be under pressure from hardliners and also, I believe, because the U.S. Government's policy changed with respect to those discussions, they have turned away.

But one test for whether Russia wants a close and friendly relationship with the United States on international affairs, even if not full NATO membership, would be whether or not something like that joint approach toward ballistic missile defense, or at least cooperation, could be resuscitated.

I think that we may to some extent give the Russian hardliners a better argument for closer ties with Iran, Iraq, China, but I think they are headed that way anyway; and I don't know that I believe that bringing the Czech Republic or even the Czech Republic, Poland, and Hungary into NATO is going to enhance that substantially.

Your last question, should we draw a distinction between——

Mr. MCHALE. A distinction between Poland, the Czech Republic, and Hungary versus the Baltic States. Based on other information that I had received prior to this hearing, there are those who believe that Russian sensitivities would be far greater—that an expansion over Poland, Hungary, and the Czech Republic, to include those nations, would not be well received, but that the sensitivity would be far greater if an expansion of NATO were to encompass the Baltic States.

Mr. WOOLSEY. The Baltics, especially reaching up to nearly the city limits of St. Petersburg, do create a separate issue, I think a distinct issue; and it is a diplomatically difficult thing to talk about substantively in public, but I would say that I think there is a difference. I think it is one that for all sorts of reasons we should be sensitive to, at least at this time, although I think Partnership for Peace can and should extend widely into Eastern Europe and into Russia, I would concentrate on the Czech Republic and if things work out politically with them, as I said, Poland and Hungary.

Mr. PIPES. To question No. 1, the answer is yes. I have never met a Russian, and I know many at the liberal end of the spectrum, who is in favor of it. The argument is, we have resolved Warsaw

Pact, why are you keeping NATO—not only keeping it, but expanding it? I don't think there is a threat to Russian security, but psychologically it is important.

Russia cannot become a member of NATO because if Russia becomes a member of NATO, NATO becomes superfluous. NATO was created to protect us from the Russians.

Will Russia go closer to China or Iraq if NATO is extended? Mr. Woolsey said they will do that probably, in any event, but I think this will stimulate them to do so even more. I think particularly it would encourage them to start meddling more and more in the republics that used to be the Soviet Union, that is, create a bloc of their own.

The Baltic States are different, probably because of the geographic location; but also the Baltic republics have been part of Russia for 200 years. Estonia and Latvia, they were conquered by Peter the Great and are considered part of the Russian patrimony in a way that the Czech Republic and Poland and Hungary are not. They were after World War II only.

Therefore, I am against expansion of NATO, but certainly vehemently against the expansion of NATO to the three Baltic republics.

Mr. GADDY. I agree with Mr. Woolsey and I am particularly intrigued by his additional proposal of the SDI cooperation. I think that sort of thing is, if there is any way to get Russia to tolerate NATO expansion—and it would, I agree, have to be limited to the prime cases of the Czech Republic and Poland, perhaps Hungary, not the Balkans, not Ukraine, we didn't mention that—that would be an equally provocative sort of a thing. It would be through a very heavy effort to try to otherwise engage the Russians in military security-type issues.

So I suppose it is possible, but it would have to be very bold sorts of things, like the proposal Mr. Woolsey was making.

Mr. MCHALE. What about Russian entry into NATO?

Mr. GADDY. To me, that seems unrealistic. I don't see that, that from either side, would be something we could expect as an option from the Russians. Only as an empty threat they might say, if they do it, we demand to be, but I don't think that is a serious proposal.

Mr. MCHALE. I share that conclusion. I asked the question because yesterday a good friend of mine, a respected senior member of this committee, suggested that might be a realistic option, and I have deep reservations regarding the wisdom and the practicality of that result.

Thank you, Mr. Chairman.

Mr. WELDON. I thank the ranking Democrat for his wisdom and thoughtful questions. I welcome his ascending to the third level as quickly as possible.

Mr. MCHALE. As you can probably tell, we are both from Pennsylvania.

Mr. WELDON. Mr. Bartlett.

Mr. BARTLETT. Thank you very much. Let me return to the theme of the questions of Mr. Cunningham.

Without going into areas that are inappropriate in a public forum, I think it is generally conceded that Russia is continuing with the aggressive development of new and better biological weap-

ons of mass destruction. They are continuing with the development of new and better chemical weapons of mass destruction. They are dismantling some of their nuclear arsenal, but I understand from the public press that they would have done this anyhow because the weapons are obsolete and the missiles are fueled with corrosive fuels and they need to replace them; and that what they are doing would be better described as "replacement" rather than "dismantling" because the total number does not come down precipitously.

They are doing something that apparently we do not understand under the Yamantau mountain in the Urals, but there is no spin other than a sinister spin that can be put on what they are doing there. They continue to produce submarines, and their best submarines are arguably better than our best. They now come closer to our coasts than they have ever come. They stay longer and if they drop deep and run slowly we lose them for several days at a time.

I have two questions relative to this. What does this speak to in terms of their strategic capability, and of course, capability is one thing but intentions are quite another thing. If you would just speak briefly about what this speaks to in terms of their strategic capability and how this might relate to their intentions, and should this have any influence on our decision about ballistic missile defense?

Mr. WOOLSEY. I believe that the Russian investment in strategic technology and in defensive systems, whether that is underground shelters or ballistic missile defense, is a very important feature of what is taking place in the Russian military picture today. It is troubling in part because these offensive improvements are accompanied by a Russian loss of understanding of the outside world with respect to radar early warning, not only the radar in the Baltics, which the lease will be up on in a few years, but some of their other early warning radars on the southern approaches to the Soviet Union, some one of which, at least famously, was clearly in violation of the ABM Treaty.

Those losses and potential losses have left the Russians in a situation where they are going not to be able to understand what is being launched in the near future, and you had this perplexing and very strange incident, last winter I believe it was, of the Norwegian sounding rocket that gets launched in a way and with notices of the sort that had been given for years, and all of a sudden the Russians go on some sort of, not full strategic alert, but at least a greater degree of strategic inquisitiveness, let's put it that way; and President Yeltsin announces that he had what we call the football with him, and he could have used it, et cetera.

At the same time this uncertainty is developing with respect to their understanding the outside world strategically, they see themselves, for very different reasons, in a posture similar to that which the United States saw itself in, in the early 1950's when we began to rely more heavily on massive retaliation and potential first use of nuclear weapons in Europe. We didn't want to invest the money in trying to match Soviet conventional forces, so we developed a rather nuclear-heavy focus on utilizing our offensive forces.

The Russians now, because of the cost of modernizing their conventional forces to anything like what they used to be, have also

come to rely more heavily on their strategic offensive forces. So at the same time they are less certain about what is happening in the outside world, at the same time that their military institutions are, I think, getting more paranoid, at the same time they are increasing their modernization and focus on their strategic offensive systems, these things kind of come together, I believe, around the end of the 20th and beginning of the 21st century in a period in which the Russian control and calmness institutionally with respect to their offensive nuclear weapons may not be what it once was.

There was at least one time in the early 1980's when, in retrospect, we had come to be quite concerned with their degree of agitation, I believe in 1983, with respect to strategic weapons. Certainly things were in a terribly unstable situation at the time of the Cuban missile crisis. And it is exactly this combination of events, Congressman Bartlett, in Russia, together with the growth of rogue state ballistic missile capabilities, together with some uncertainty with respect to where China may go, that has led me—after a number of years, really—to come to be rather strongly in support of our moving toward at least a thin defense of the 50 United States for ballistic missile defense and certainly a substantial enhancement of our theater ballistic missile defense.

The trends do not look good. They don't seem to me to suggest that Russia is consciously planning some kind of nuclear attack on the United States. But the combination of the doctrine of people like Surikov, the strategic blindness that I have described, the offensive modernization, the poverty of their conventional forces, their doctrinal movement toward reliance on strategic offense, all this suggests to me that at the very least on behalf of our concerns about accidental and unauthorized launch of Russian nuclear weapons, it adds a major reason to why the United States ought to be concerned about it and move toward some type of ballistic missile defense.

Mr. PIPES. I have nothing to add. I agree with the conclusion.

Mr. GADDY. No.

Mr. BARTLETT. Thank you very much. I share those concerns.

I know that it is very popular to say that the cold war is over and that somehow becomes synonymous with Russia is no longer a threat, we can ignore what they are doing there. It is just very difficult for me to do that for all the reasons that you mention.

Mr. WOOLSEY. I used to say when I was Director of Central Intelligence, far more often than my Director of Public Affairs wanted me to, that after the end of the cold war it was like we had slain a dragon, but now we found ourselves in jungle full of a large number of poisonous snakes, and in many ways the snakes are harder to keep track of than the dragon had been.

One of those snakes is some aspects of Russia. It is not that everything in Central Eurasia has gone away as a threat because the cold war the over. It is more complicated now, and some things are a little harder to divine than they were at the heart of the cold war. There are still several snakes in that geographic region.

Mr. PIPES. The cold war was unique in the sense that competition with us and hostility toward us was built into the ideology of the Soviet Government. I mean, Marxism, Leninism presumed the

need to fight what we call the free world and to defeat it and to destroy it.

This is not the case today. I think we may have difficulties with Russia in the future. Not so much we, but for example, Great Britain throughout the 19th century was very hostile to Russia and tried to contain Russian expansionism into the Middle East and the area close to them. This is not built into this situation. It is great power politics.

We may have the same kind of problems with China, even if China stops being Communist. It is a different situation from that which exists in a cold war where conflict or potential of war was always there as long as the Soviet regime existed. Today it is not inevitable.

Mr. BARTLETT. Thank you very much.

The CHAIRMAN [presiding]. I thank the gentleman.

Mr. Dornan.

Mr. DORNAN. Gentlemen, this is the 20th year for me that I have sat on either Foreign Affairs or this committee or up in Intelligence and listened to scholarly gentlemen or ladies that I admire discuss the "garden of snakes." For a long time, Mr. Woolsey, I have used that example of yours, but I don't think I am going to use it anymore because if your snakes, the more mentally unstable of the snakes have access to nuclear weapons than—there are small dragons in there among the snakes, and futurists like Alvin Toffler can make a lot of money pretending to be a modern Nostradamus and predict all the things that may or may not happen.

But I think some of the most interesting testimony I have heard from panels that you have been on, Mr. Woolsey—maybe it was even you on the open Intelligence Committee meetings—where the brightest of our nobles, our scholars, in early 1950 did not predict Korea, didn't predict what was going to happen in the early 1960's.

I remember an interesting article you wrote that said the collapse of the Berlin Wall found you in Vienna and that you didn't have a clue, nor did a lot of us, that it would have happened with that clean a date, November 9, 1989, and the collapse would be as severe as it was for awhile. But now comes the new reality of how much evil is left.

I have come to use just in the last couple of months an expression that I asked a scholar to revise because Mr. Dellums on this committee once asked us to no longer refer to top secret programs as "black programs," to call them "dark programs," "the dark world." I thought it was a fair comment. It is confusing enough with political correctness and language that when somebody has a simple request like that, it would be fair.

So a scholar came to me and said, what is tearing the Soviet Union apart is black capitalism. I said, excuse me. If I am sitting on an airplane I am sometimes handed a magazine called Black Enterprise. "Black capitalism" sounds like African-American entrepreneurial business. Within minutes, we had changed it to "dark-side capitalism."

Dark-side capitalism has existed for all of history. When Moses was up getting the Ten Commandments, Aaron and others were engaged in dark capitalism, collecting gold, making the Golden Calf, stripping off their clothes and dancing naked around the calf.

Dark capitalism in this country is narcotics, prostitution, white collar crime, embezzlement; and guess what, that is what is going on in the Soviet Union—prostitution, narcotics, white collar crime—and the difference is communism tore the Orthodox Christian roots out of the Soviet Union. Rasputin helped while issues were in doubt, giving it a bad name.

They did not allow people to study Judaism or even study the Hebrew language. When you rip, for most of this century, the Judeo-Christian ethical standards out of the people, dark-side capitalism will flourish. Dark-side capitalism has a more fertile ground in a country that has had its culture savagely torn apart.

Now, you can have basically open societies like Colombia and Peru, where people are all supposed to be baptized, and you still have dark-side capitalism tearing the nation of Colombia apart, right up to the Presidency.

Here is my problem about our leadership role through these jungles with all these poisonous snakes, some of them bigger than others, and some of them that may get access to nuclear weapons: I have a document in front of me, background paper, for official use only. Baloney for official use. I am going to do an hour on the House floor with this. Listen to this.

The Defense Missing Persons Office concludes there are, A–R–E, two groups of Americans in North Korea alive, a small group of defectors—that is, traitors—and a larger group of 10 to 15 possible POW's. They are there now, 43 years rotting, young warriors.

And then I have General Eisenhower's comments Memorial Day 1955. I had been married 6 weeks. And he says, yes, we left Americans alive behind. Then I am told, why would we question Vietnam's word?

Let's send an ambassador; the gentleman serves on this panel, Mr. Peterson. Communists are the worst liars in the history of civilization. They engage in conspiracies on a daily basis. When you tell me you sit in a hotel, one of those five star hotels in the area that has the highest standard of living in the world, Geneva, and see Russians in black leather coats engaging in dark-side capitalism, I wonder would they resist the temptation—like the phony Marlon Brando character in the Godfather, we are not into narcotics. We are dealing in nuclear material or explosive devices.

Or they say, we are not into dealing in nuclear material or explosive devices. We are not into big bangs that can destroy a whole city with one fundamentalist of any delusion deciding to place a bomb or pull a trigger or electronically fire something off.

We are in, I think, as serious a period of our history as we have ever been in, and that is what I would like you to comment on, starting with Dr. Pipes.

Do you think we are in a serious period of national security jeopardy once more?

Mr. PIPES. Well, yes and no. We are not in the kind of security problem that we were in from 1945 on, where we had a totalitarian state, armed to its teeth, engaged in every form of mischief against us everywhere where it could, and working all kinds fellow travelers going to this country.

That is not the problem today. Today the world is multilateral. We are coping with a great variety of problems, including in Russia

herself, where we have now a weak government rather than a strong government. That is part of our problem, that we are not sure that this huge nuclear arsenal is under proper control, that the government knows what the army is doing and the army cares what the government wants.

We are confronting world terrorism, we are confronting fundamentalism. It is a more complicated situation than we had then. I could, with reasonable chance of success, predict what the Russians would do under the old regime; I cannot predict it today. It is incomparably more complicated.

So there is a threat. I don't consider it as serious as it was then. I would rather have the situation we have today than the one we had, say, 10 years ago.

Mr. WOOLSEY. The part about the current situation, Congressman Dornan, that worries me more than in the cold war is not so much Russia, but us. This country has been the victor in three world wars in this century. We are the Super Bowl champions, the World Series victors of international conflict. You put us in the closing minutes of the Superbowl and we will kick the field goal 60 yards and win the game.

We sink the Lusitania, bomb Pearl Harbor, build a Berlin Wall. We are winners. That is our problem. We performed superbly and have for pretty much this whole century when the chips were down. The problem is eras like the 1920's and like today, when the threat is not clear, that we tend to relax; so I completely agree with Professor Pipes about the current situation that we see in Russia. My concern is that we not behave the way we did in the 1920's but, rather, that we somehow make it possible for at least some small share of the national will that was manifested in this room and elsewhere in the United States during the cold war to be manifested in these far more confusing and difficult times.

Mr. DORNAN. Mr. Gaddy.

Mr. Chairman, one comment on what Mr. Woolsey said. My staff just gave me a memo on the Defense appropriations coming up on the floor, savage cuts you would not believe, so what you just said does not permeate the collective wisdom of this entire Congress.

Mr. GADDY. The only thing I would like to add is, going back to my original comments, I raise the issue of to what extent we really believe that the internal struggle within Russia for the future direction of Russia is unresolved or not, and to what extent we will—we can influence that.

I think, as I said then, it has not been resolved, and I do think that we have levers of influence. They may not be great. I agree with the general sense that what we can do may only be marginal. But the stakes are so high, we cannot give up and say, Russia is lost, and only think about how we can protect and defend ourselves, although I agree that is an extremely important part of what our policy must be.

The CHAIRMAN. Mr. Geren.

Mr. GEREN OF TEXAS. Thank you, Mr. Chairman. This committee is going to have a hearing in the not-too-distant future on China. I know this will be a subject that any of you could talk on at great length, and certainly I am not asking you to do that at this point. But as we look toward that hearing and prepare ourselves to listen

to the folks talk about that, what do you see as a couple of the salient points in the future of Russia-China relations?

Where are they heading? What is your crystal ball on that?

Mr. PIPES. I would say that if Russia feels really isolated—and I think the expansion of NATO will contribute to it, weak, humiliated—there will be a strong temptation to draw nearer to China to form another bloc with China, which I think Russia might be, in some respects, a junior partner and China, the senior partner. I think it would be extremely dangerous and very destabilizing, and I think we ought to do everything we can to prevent that.

Mr. WOOLSEY. I think that is correct. I agree with Professor Pipes. I think that the Chinese don't have the same kind of history of imperialism that the Russians do in terms of ruling over neighboring states except for Tibet and the Muslims in western St. John. But I think that in addition to making it easier for Russia to cause difficulties along its southern and western flank, a Russian rapprochement with China may make China feel more relaxed about being aggressive vis-a-vis Taiwan, which is what I would see to be the principal flash point for some years to come in potential Chinese aggressive behavior. And I believe that a Russian-Chinese strategic cooperation is not in our interests.

Russia perhaps right now sees China as an excellent potential market for military technology and military hardware, and they will get some sales for awhile, until the Chinese figure out—and it will be pretty quick—how to do knockoffs of whatever it is that the Russians are selling them, and then the Chinese will build them instead and will tell the Russians, thank you very much.

Mr. GADDY. I agree with especially the last part of Mr. Woolsey's comments. I think there are a whole range of reasons why a Chinese-Russian rapprochement would be very difficult. That is not to say there wouldn't be an effort to try to establish it, and they could for some time, but I think it would be highly unstable.

The two of them together could contribute, I think, a great deal to general instability around the world; and for that reason, more than the fact that they might join together and have some concerted policy that would threaten us, that would disturb me the most. The issue of transfer of technology to rogue states would be greatly enhanced by cooperation between those two countries in that regard.

Mr. GEREN OF TEXAS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Weldon.

Mr. WELDON. Thank you very much. Just one final closing question and comment. I would like to ask you a number of things, but we have a number of things that we are supposed to be on the floor for, ranging from the maritime legislation for our security interests to the DOD appropriations bill, which will take much of our time today.

But I can't help but go back to the heart of, I think, the debate in this country over our policy toward Russia and one of my major concerns with this administration, and that is the continuation of what appears to be a total reliance on what I call a 1960's and 1970's mentality of deterrence through the mutually assured destruction idea, which perhaps worked well when you had two major superpowers.

I was struck by Mr. Gaddy's comments that—Mr. Woolsey, your comments were provocative—that perhaps we should try to encourage the Russians to work with us. That is what we were doing in 1991 and 1992 with the Ross-Medvedev talks. My understanding, and perhaps I am wrong, is that it was our administration who broke off those talks abruptly at the Vancouver discussions, without consulting with Mr. Yeltsin; that we had achieved a level of movement in Russia toward cooperation, instead of mutually assured destruction, toward one of mutually assured protection and defense.

How an administration can justify a policy of that nature, where we rely on strategic offensive weapons which, in fact, are not protecting us against the growing threat from North Korea and China and the proliferation of missiles in India and Pakistan that all of us are aware of—we have these briefings every day.

We know what the capabilities are. The new Chinese missile, CSS–5A, is going to have a capability of 13,000 kilometers. China now can hit any entity in the world except for South America.

One of my concerns is, the reason they are cooperating with the Russians on the SS–18 is to fill that one void and give them an ability to hit hardened targets that the SS–18 technology could provide to them.

Is there anyone who would disagree that we should not be moving toward common cooperation in terms of defense as opposed to offensive deterrence? I can tell you this committee supports this notion because we in our bill—this put $20 million in our bill for joint Russian-American missile defense cooperative activities specifically to build on the work with the Ramos project and other activities of that type and strategic research.

So is there a way you see that we should abandon the approach of moving toward mutual defense and stay with this 1960's–70's mentality of offensive deterrence?

Mr. WOOLSEY. Quite to the contrary. I would encourage the committee to continue its efforts along those lines.

I don't know the precise circumstances of the breakoff of the Ross-Medvedev discussions on ballistic missile defense, but it is—for a rational Russia and a rational United States, it makes every sense in the world, even if both countries decide that they believe, for all sorts of historic and residual reasons, they want to maintain the ability to deter one another, even within that framework, there are lots of possibilities for cooperation.

Russia lives in a very dangerous neighborhood. It is going to have a lot of rogue states surrounding it whose behavior, with respect to ballistic missiles, is going to be unpredictable. The United States is coming along, and I hope we can keep seeing it coming along, Brilliant Eyes, which is the S&TS now under its new nomenclature. It would make every sense in the world for the U.S., to me, to be willing to supply Brilliant Eyes data to Russian defensive systems so that Russia could help protect itself against Iraqi or Iranian or whatever theater ballistic missiles. These types of arrangements can be worked out; they should be worked out. What stands in the way is, as you said, possibly some attitudes in this country; and now, unfortunately, particularly in the last year or two, the evolution of the Russian advisors to Mr. Yeltsin, including

Mr. Primakov and also the Russian military, in a direction that is quite opposed to this. But it is not something that we should give up on just because the chances may not look sunny in the summer of 1996. It is the right way to go over the long run, and I would encourage this committee to continue on the path it has set.

The CHAIRMAN. Thank you.

I just might throw in a little 2 cents worth on this whole thing. I apologize again for having to be away for most of your testimony.

What I picked up when I got back, Mr. Woolsey, you were talking about those snakes again. Every speech I make, I think, I refer to your comment on those snakes and I heard it expressed a different way the other day by the Secretary from the United Kingdom. He says it is like we are going from a cold war to a hot peace. And so a hot peace means that we have got a lot of those snakes out there all over the world.

But the problem we have today in this post-cold-war environment on this committee in trying to carry out our responsibilities, and you referred to it yourself, Mr. Woolsey. I think much of our problem is ourselves in dealing with these things. We don't, No. 1, realize what we have done to ourselves. Already we have cut back on our Armed Forces. Most people just have no idea how deeply we have cut and how much harm we have done to our military defense systems.

And, on the other hand, we can't convince people that there are still threats in the world. A lot of them think we have peace forever now, no more wars, and it is difficult to convince them, it is not a matter of if there is going to be another war, but just when and where it is going to be.

We will always have wars as long as we have people. With the nature of people and behavior of nations, we are going to have these things, and we can't afford not to be prepared to meet them. But the threats that are so obvious to me are difficult to get across to other people.

In this day and time, you don't have to be a superpower to wage the horrors of mass destruction and warfare. I think you referred to it: Third World countries, even terrorist groups can put together weapons of mass destruction in laboratories in low-technology, inexpensive ways and marry them up with cruise missiles, ballistic missiles, not to mention intercontinental ballistic missiles, and then you have a different ball game. That gives everybody the power—all these groups, Third World Nations, whoever—to buy missiles and cruise missiles and ballistic missiles across borders.

You can marry them up and launch them from all kinds of platforms, and extrapolating that means that you don't have to be intercontinental for a ballistic missile. You can fire one from a tugboat or airplane or submarine, and within a couple hundred kilometers you can bring in mass destruction warfare to people. That is the threat that I fear. It can come from any angle, almost, you look at. And we are unprepared to defend against it.

That is what people don't realize, that we are unprepared to defend against it. Most people in this country think with all our technology and the way we were able to handle things in the Persian Gulf that we can handle these things. And it is difficult to point out to them that we can't. The Persian Gulf and the Scuds coming

in, we were worried about weapons of mass destruction on those—bacteriological, biological, chemical, or whatever kinds of warheads they had on them. They didn't have them, but we worried about that.

Iraq, as a good example, has enough biological agents, I read the other day, to destroy the whole world. It is just a matter of getting to the rest of the world, and they have the means to do that by these other weapons. So it is a scary proposition to defend against those kinds of things.

So we are trying to do what we can to defend ourselves more properly, and theater missile defense is—national missile defense, too, which is another subject; we can spend a lot of time on that—it is just a fight every day, against your own people sometimes and the administration that doesn't seem to understand that these threats are there and how real they are.

Mr. Woolsey, you know how we have agreed, again on the National Intelligence Estimate, as a good example of how that was put out, and that lessens the alarm that people should have from the standpoint of these threats by putting it off into some far distant future time when these Third World countries can acquire these things in the meantime. They might not have indigenous capability, but they can acquire them. That is not even mentioned in the National Intelligence Estimate. We have to try to fight those kinds of things too and try to do our job and prepare this country.

It is a difficult thing, but we appreciate your contributions, all of you to this hearing. We apologize for keeping you so long, too. You have all contributed greatly to the work of this committee and we certainly appreciate it. We will let you go, again with our profound thanks. Thank you.

Mr. WOOLSEY. Thank you, Mr. Chairman.

The CHAIRMAN. The meeting will be adjourned.

[Whereupon, at 12:35 a.m., the committee was adjourned.]

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